2018

ANNUAL REPORT
TO 31 MARCH 2018

ArvidaGroup

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We strive to improve everyday life and wellbeing for thousands of elderly New Zealanders. We want to transform the ageing experience. It is embodied in all that we do.

By taking a holistic, individual-based approach to retirement living and aged care, we are creating a unique and compelling health offering in New Zealand.

2018 HIGHLIGHTS

THE YEAR IN BRIEF

CARE OCCUPANCY
maintained at 96%.

MINISTRY OF HEALTH CERTIFICATION
12 of our 26 care facilities now have extended four-year certification.

NET PROMOTER SCORES
of +53 and +51 in our villages and care facilities respectively.

CONSTRUCTION
of 97 new units during the year.

OCCUPATION RIGHTS SALES
of 295, including 79 new unit sales and 216 resales.

DEVELOPMENT ACTIVITY
across eight brownfield and one greenfield site.

ACQUISITION
of three villages and $93 million new capital raised.

29 VILLAGES NATIONALLY

3,950 RESIDENTS

1,743 CARE BEDS

1,850 RETIREMENT UNITS

1,099 UNIT DEVELOPMENT PIPELINE

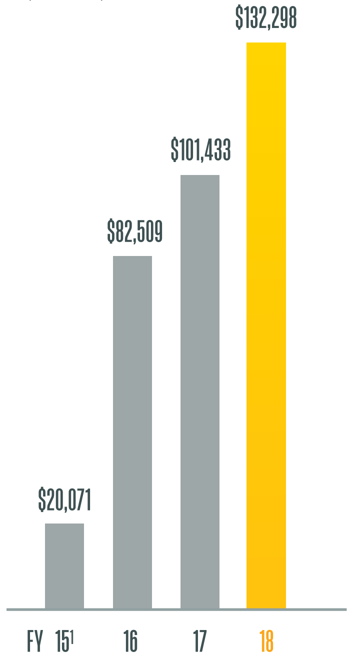
REVENUE
$132.3m
+30%

UNDERLYING PROFIT[2]
$33.0m
+43%

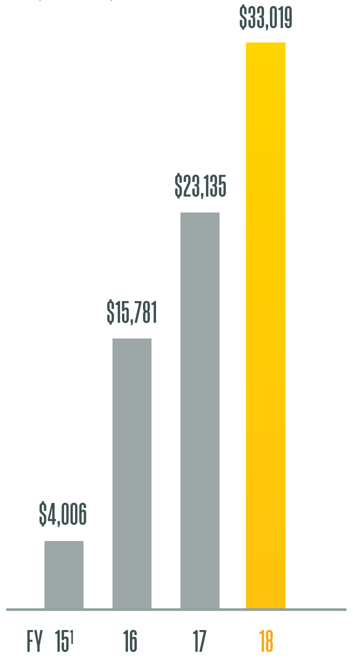
OPERATING CASH FLOW
$53.9m
+36%

TOTAL ASSETS
$1.1b
+42%

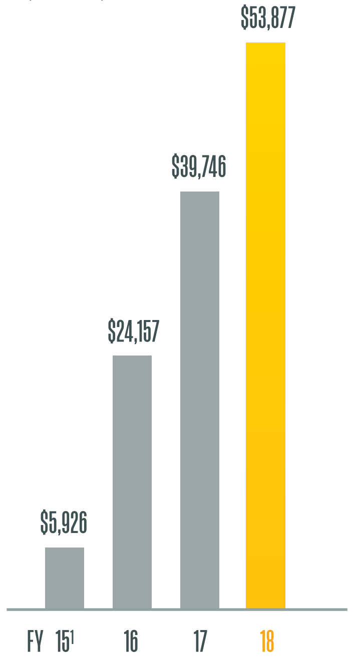
REVENUE GROWTH ($000)



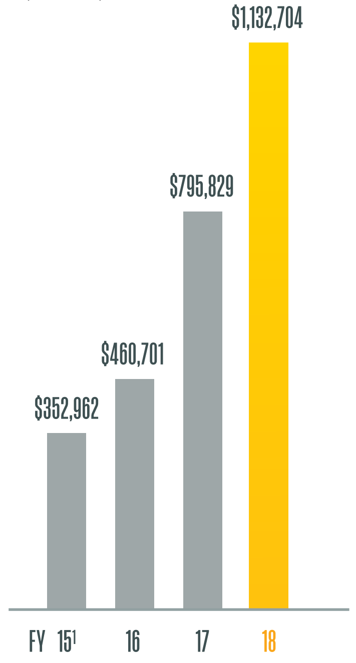
EARNINGS GROWTH ($000)



CASHFLOW GROWTH ($000)



ASSET GROWTH ($000)



1. *Financial statistics for FY2015 represent a part period with village operations commencing on 18 December 2014.*
2. *Underlying Profit is a non-GAAP (unaudited) financial measure and differs from NZ IFRS net profit after tax by replacing the unrealised fair value adjustment in property values with the Board's estimate of realised components of movements in investment property value and to eliminate deferred tax and one-off items. Please refer to page 10 for a reconciliation to Reported Profit under IFRS.*

CHAIR'S LETTER

PETER WILSON

On behalf of the Directors, I am pleased to present the company's Annual Report for the financial year ended 31 March 2018.

RESULT ON PLAN WITH GOOD MOMENTUM

Arvida has delivered another solid result in FY2018. Revenue of $132.3 million was up 30% on last year and Underlying Profit was up 43% to $33.0 million.

An increased dividend of 1.56 cents per share for the final quarter will be paid in June, comprising a regular dividend of 1.30 cents per share and a special dividend of 0.26 cents per share. Total net dividends paid for the full year of 5.01 cents per share (FY2017: 4.45 cents per share) representing 60% of Underlying Profit, in line with our stated policy.

Arvida is well placed to provide attractive and sustainable returns to shareholders. We maintain a conservative balance sheet with sufficient capacity to deliver our current development programme.

STRATEGY DELIVERING RESULTS

Arvida has now consolidated its position as a significant provider of quality aged care services in New Zealand. Our strategy to date has been built on three core pillars: Living Well, Building Well and Buying Well.

This year the Board approved the addition of Engaging Well to our framework. This fourth pillar reflects the work we are already doing in developing outwardly facing community facilities and a product that integrates with the community. The strategy complements our focus on providing aged care services that reflect the needs and preferences of our current and future residents.

It is important to measure our success in delivering to this objective. Using the Net Promoter System as a key measure, we achieved excellent scores of +53 and +51 in our villages and care facilities respectively, exceeding our previous result and reinforcing our vision of service excellence.

This is best illustrated by the 95% average occupancy rate achieved across our care facilities over the 12-month period. This is at market leading levels, significantly above the national average occupancy experience.

Arvida's development programme includes both brownfield and greenfield projects. The development targets we set for the year were fulfilled. Additional resource has been added in the development team to deepen our inhouse capabilities and ensure we have the capacity to meet future targets.

A Construction Risk Committee was established to review construction progress, trade tendering and risks of all insourced construction. Master planning on our first greenfield project at Richmond has been completed with resource consent pending. Earthworks have now commenced on this $100+ million project.

Three quality villages were identified and acquired during the year. Their integration progressed well and was completed efficiently with all villages performing above expectations.

PROPERTY VALUATION PANEL FORMED

This year we formed a panel comprising independent registered valuation firms CBRE Limited and Jones Lang LaSalle Limited to perform valuations of our retirement village and care facility businesses. Properties were allocated with each firm having a spread ranging across the country. As a first for the listed retirement sector, this panel approach reflects the practice in other property sectors.

GOVERNANCE AND CORPORATE RESPONSIBILITY

The NZX Corporate Governance Code (the 'Code') was released during the year for issuers to report against. Changes to the presentation of some information and a number of new disclosures are included in this Annual Report.

One of the key aims of the Code is to promote disclosure of Environmental, Social and Governance ('ESG') factors. We positively contribute to the sustainability of our community by addressing the social needs and challenges of our residents and by investing in our people. We are in the early stages of developing an ESG reporting framework that will address our ambitions across the organisation.

The Board's approach to governance has always been to ensure best practice governance structures and that the highest ethical standards and integrity are maintained at Arvida. Our corporate governance charters and policies can be located on our website (*www.arvida.co.nz/For-Investors/Governance*). An external review of Board capabilities and performance was commissioned last year. That review indicated the Board comprised appropriate skills and commitment to the Company. We will continue to undertake biannual external reviews and plan for succession as required.

CONTINUED PERFORMANCE

We have come a long way from our origins in three years. Over the period from 1 April 2015 to 31 March 2018, our total shareholder returns of 46% ranked 14th out of 39 companies that were in the NZ50 Index at the commencement and conclusion of the period. We were also ranked second out of four peer listed retirement village and care companies, over this period.

Arvida's success reflects the commitment and focus of our people on improving the experience of our residents.

Our Board acknowledges the work of all of our staff and management team. Providing aged care services successfully requires a genuine commitment to care and wellbeing, only achieved through a culture focused on our residents.

Peter Wilson
Chair, Arvida Group Limited

CEO'S REPORT

BILL MCDONALD

LIVING WELL

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

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

BUILDING WELL

Brownfield development activity within existing villages.

Greenfield development where we see value.

BUYING WELL

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

ENGAGING WELL

Customer focused approach to health service delivery in the broader community.

2018 has been another year of strong financial and operational performance as we continue to pursue a truly differentiated position in the New Zealand retirement and aged care market. By taking a holistic, resident focused approach, we are setting a new standard that will lead the retirement industry in New Zealand.

STRATEGY UPDATE

During the year we reviewed our strategic direction, updating business goals to align with our overall organisational vision. This provided an opportunity to reflect on past and present initiatives, assessing their effectiveness and alignment with future industry dynamics.

The strategy of a resident-centred focus, set at the time of formation, underpins a common thread for business initiatives and is becoming even more relevant over time.

We made a commitment to challenge ourselves to make our residents lives better with everything we do. This has not changed. We think about the person first when we think about our service. The approach does not sound revolutionary at first glance, but it is far reaching in its ability to transform the traditional aged care model.

'The Attitude of Living Well' comprises five components and communicates our model of care. It says that, not only are we focused on providing excellent clinical care, we are also focused on the holistic wellbeing of every resident across the continuum by providing as much normality, choice and independence as we can.

We have made a significant investment over the last of couple of years bringing this model to life in our culture. It has meant a change in thinking across the organisation on many different levels – even to the design of our new facilities.

To better reflect our strategic vision, we have included "Engaging Well" as a core plank to our stated strategy. It brings in the community aspects of the Attitude of Living Well model, which is about residents retaining the connection and interaction with the wider community.

As we look to future proof our business for the arrival of the significant wave of baby boomer retirees, new delivery approaches and initiatives around this fourth plank will take a more strategic focus. Our customer set will naturally broaden from just residents and their families as our community engagement builds momentum. Over time we consider a range of age-related services will be provided or facilitated that leverage existing core competencies and expand on the operational framework already in place.

REVENUE AND EARNINGS GROWTH

Total revenue of $132.3 million was up 30% on last year reflecting strong revenue performance across all areas of the business.

Occupancy across our 26 care facilities was 96% in March 2018 (FY2017: 95%) with a rolling average of 95% for the full twelve months. This continues to be significantly above the national average rate at 88.5%[1]. Care revenue represented 70% of total revenue at $93.0 million. It underpins our strong and stable cash flow profile.

Operating expenses were $27.9 million higher, mainly reflecting the larger scale of the Group from acquisition activity and higher employee costs. The introduction of the pay equity settlement during the year resulted in higher wage costs from 1 July. The increase was largely offset by increased funding from government, additional transitional funding and private sources. However, a pay equity funding deficit is likely to persist as a result of our caregivers achieving a level of qualification that is on average higher than the industry and therefore attracting a higher average pay rate. We are active with industry bodies to ensure government funding levels fairly contribute to the new cost structures.

Group net profit after tax was $57.6 million, up from $53.7 million in the prior year. Underlying profit of $33.0 million was up 43% and included $13.3 million of resale gains and $6.5 million from the sale of occupation rights to 79 new units. Resale activity continues to settle at current pricing levels, strengthening our financial performance. Importantly, underlying earnings on a per share basis increased 16% with the acquired villages delivering earnings above guidance provided at the time of the acquisition.

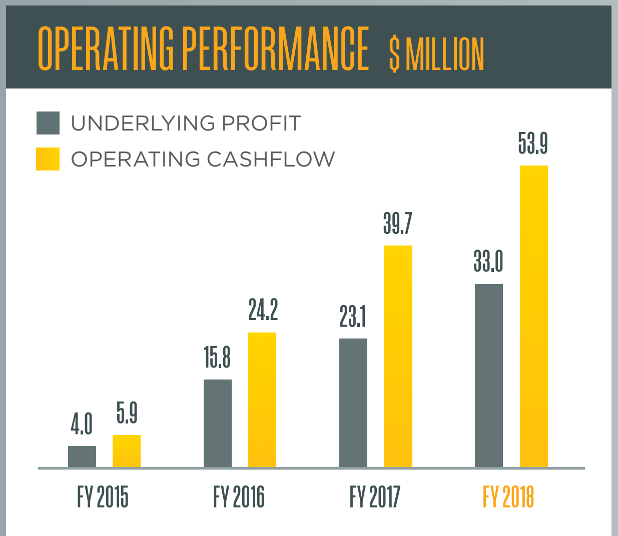
BALANCE SHEET

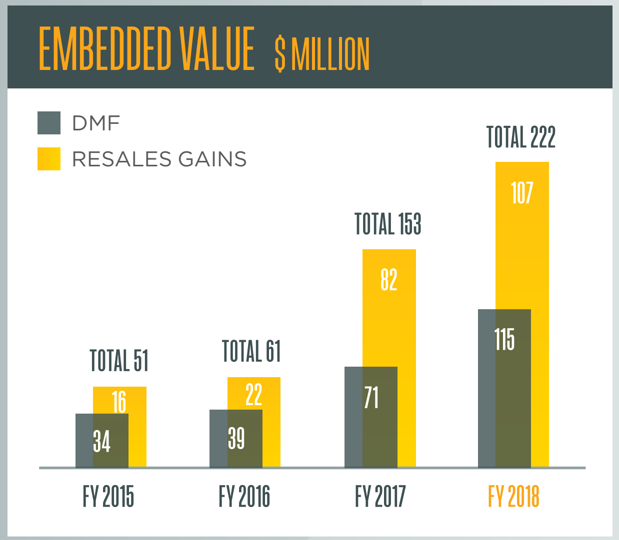
We have maintained a strong balance sheet with capacity to undertake our current development programme. Gearing was at a low 19% at 31 March 2018 (FY2017: 16%) due to strong operating cash flow performance, growth in the value of our assets and applying capital raising proceeds to funding of acquisitions.

Total assets increased from $846.7 million at the half year to $1.1 billion. The 34% lift since reporting our half year result reflected the acquisition of the three villages from Hurst Lifecare, an increase in development activity and higher valuations.

Increased unit pricing and delivery of new units contributed to higher portfolio values. Over the course of the year we added 859 units to the portfolio of which 97 were new units. Less than 2% of existing units subject to an occupation right agreement were vacant at year end, a target we aim to emulate this year. Embedded value in the portfolio, which calculates future cash that can be generated when a unit is re-licenced, grew to $222 million (FY2017: $153 million).

1. Reported by the industry body NZACA for the December 2017 quarter.





UNDERLYING PROFIT RECONCILIATION

Unaudited $000	FY2018	FY2017	Variance
Reported net profit after tax (NZIFRS)	**57,637**	**53,668**	**3,969**
Less: Changes in fair values	(46,974)	(40,096)	(6,878)
Add: Deferred tax	327	463	(136)
Add: Impairment of goodwill	1,213	0	1,213
Less: Gain on acquisition of subsidiaries	0	(3,163)	3,163
Add: One-off costs	980	960	20
Underlying Operating Profit	**13,183**	**11,832**	**1,351**
Add: Gain on resales	13,299	8,857	4,442
Add: Development margin on new units	6,537	2,446	4,091
Underlying Profit	**33,019**	**23,135**	**9,884**

ACQUISITION AND CAPITAL RAISING ACTIVITY

The three villages acquired from Hurst Lifecare – Mary Doyle Lifecare, Strathallan Lifecare and 50% of Village at the Park Lifecare – together added 757 units/beds to our portfolio and a consented brownfield development programme.

All offer a continuum of care and are large sites, with Mary Doyle in Havelock North now the largest village in the Group. They broadened our national footprint to Hawke's Bay, Southern Canterbury and Wellington. Integration of the three villages is complete.

A $77 million capital raising was successfully completed to partly fund the acquisition. It was very pleasing to receive a high level of support from our existing shareholders again – both institutional and retail – with 87% of available shares subscribed and the balance sold through a shortfall bookbuild process. We are mindful this was a meaningful and second capital raising in successive years. The capital raising approach to funding acquisitions has been balanced with the Board's desire to treat all shareholders on an equitable basis and minimise execution risk.

We continue to see a range of acquisition prospects and maintain our objective to acquire quality villages that meet our strict criteria in terms of location, quality of assets and current management, potential for development and importantly, earnings accretion.

DEVELOPMENT UPDATE

- Construction was completed at the following developments: Oakwoods (24 villas); Village at the Park Adamson apartment block (28 apartments); Copper Crest Stage 6 (13 villas); and Lauriston Park (22 villas).
- Additional villas were also completed at Mary Doyle (5 villas) and Lansdowne Park (5 villas). Construction at Mary Doyle continues on available development land with an additional 10 villas planned for completion in 2019.
- Park Lane Stage 1 (28 apartments) and Aria Bay (25 apartments) continue to progress towards completion in mid-2018.
- Stage 1 at Rhodes on Cashmere (18 apartments) continues to progress with structure complete to roof level.
- Construction of Block E at Village at the Park (24 apartments) has commenced with construction to the third floor level.

DELIVERING ON OUR DEVELOPMENT PROGRAMME

Our in-house project management capacity was expanded during the year with a number of strategic hires. The appointments underpin our future development strategy within the Auckland, Waikato and Bay of Plenty regions – a demographic 'Golden Triangle' for retirement living and aged care.

The expanded team offers capacity for direct construction, replicating head contractor functions, with the immediate focus on delivery of developments currently in the planning phase at Copper Crest in Tauranga; Lauriston Park in Cambridge; and Cascades in Hamilton.

We continued to make excellent progress on our brownfield development program. A further three projects are to commence this year, bringing total developments in progress to eight brownfield and one greenfield project. The focus this year will be new build delivery, sale and settlement at Park Lane, Aria Bay, Rhodes on Cashmere and Copper Crest.

The Living Well Park Lane development in Christchurch is a “blueprint” for our future villages. Facilities have been designed to encourage multi-generational activities and resident participation with the local community. They include a community centre for both public and resident use complete with a café that sources produce from the village’s productive gardens, a community crèche and a health club.

The buildings have been designed with environmental sustainability in mind. Crosslaminated timber manufactured locally has been used in construction which has both high seismic strength and a high level of insulation, lowering energy use. The roof is almost entirely covered in photovoltaic cells that will effectively generate enough power to meet most of the needs of the common spaces. Residents also have access to a pod of electric vehicles for their exclusive use.

Good progress has been made with developments in the planning phase:

- Construction on a further 12 villas at Lauriston Park is due to commence shortly with master planning of the proposed care development also progressing towards resource consent application.
- Resource consent was received for earthworks to commence at the Richmond greenfield development. Receipt of resource consent for the master plan is progressing well and expected to be granted shortly.
- First stage works on the new entrance and café at St Albans are now complete. Design and procurement continues towards construction commencing on the new apartment building early in 2019 and new care wing in 2020. The development will complete earthquake remediation works and add 20 care beds and 25 serviced apartments (net of decommissions).
- Enabling works are well advanced for the 30 villas in Stage 7 at Copper Crest. Resource consent has also been granted for the planned care facility, which will include 50 care suites and 29 serviced apartments. We expect to commence construction shortly with an approximate 24 month timeframe.
- Master planning for potential developments at Aria Bay, Cascades, Wendover and Glenbrae are progressing well.

We have a sizeable development pipeline that includes the addition of nearly 1,100 units/ beds to be completed over the next six years. This represents a 30% increase in our current portfolio. Most of this activity is to occur within existing villages where we have the opportunity to enhance our offering and better utilise capacity.

The construction market is expected to remain tight with strong activity projected to continue. This means capacity limitations will remain. Being flexible in the timing of our development projects will best ensure we manage construction inputs to achieve our development hurdles.

We will be continuing to evaluate the acquisition of further greenfield development sites.

OUR PEOPLE AND OPERATIONS

Last year we undertook our first resident survey and achieved a very high Net Promoter Score (NPS). As the Chair mentioned in his report, this year we significantly exceeded last year’s survey result. This was an exceptional outcome confirming that our strategic vision is on track.

Since the introduction of the new pay scale for caregivers in July 2017, we have experienced increased demand for higher education.

CURRENT DEVELOPMENT PROGRAMME

	FY19	FY20+
ARIA BAY, AUCKLAND Under construction	25 apartments	
COPPER CREST, TAURANGA Under construction	25 villas	5 villas
COPPER CREST, TAURANGA Construction to commence (consented)		79 apartments/ care suites
LAURISTON PARK, CAMBRIDGE Construction to commence (consenting)		12 villas
MARY DOYLE Under construction	10 villas	32 villas
VILLAGE AT THE PARK, WELLINGTON Under construction		24 apartments
RICHMOND, NELSON Construction to commence (enabling works commenced)		77 villas/ apartments
PARK LANE, CHRISTCHURCH Under construction	28 apartments	51 apartments/ care suites
RHODES ON CASHMERE, CHRISTCHURCH Under construction	23 apartments	50 apartments/ care suites
ST ALBANS, CHRISTCHURCH Under construction		45 apartments/ care suites
TOTAL FY19 DELIVERY	35 villas, 76 apartments	

Our people are our most valuable asset and we continue to invest in them, providing training and development services. Our teams are highly engaged, delivering great outcomes for our residents and contributing on a range of initiatives that improve the way we work. We will be undertaking our first staff survey this year to assess workforce engagement. I look forward to reporting back to you on the results of this survey.

Business-as-usual initiatives in progress across the Group for the period include:

- A comprehensive set of clinical competency assessment tools developed to support clinical performance. Six more care facilities achieved 4 year certification in Ministry of Health audits. We now have 12 facilities holding this gold standard certification period.
- Ongoing review of clinical policies and procedures to improve our service and align with legislative and contractual requirements.
- Food control plan templated across the Group and independently verified by external audit.
- Continued rollout of our resident and clinical management platform with 23 villages now on the platform. The project rollout schedule remains on track and will deliver, together with international Resident Assessment Instrument (InterRAI) tools, enriched information and benchmarking.
- The upgrade of our IT infrastructure is progressing bringing uniformity across our village IT systems.

EVOLVING INDUSTRY

The older age group of our population is growing and becoming more ethnically and regionally diverse. By the middle of the century, it is expected that one in four New Zealanders will be aged 65 years or over and the number of those aged over 85 years is expected to triple over the same period.

The nature of the population is also changing with baby boomers entering the older population. Generally, the expectation is that baby boomers will demand more choice and control over healthcare options and around quality of services. They are likely to want better access to information, a greater say in the planning and delivery of their care and access to an expanded range of clinical and social services. Our strategic vision is to ensure the products and services we are developing now, are positioned to meet the needs of future residents.

New technologies, such as tele-health, remote and self-monitoring, medication reminders and exercise applications have potential to transform the current delivery model. Industry collaboration and integration will likely play a role. The Ministry of Health is currently working on initiatives to support its Healthy Ageing Strategy that includes developing future models of home and community support services as a priority. An update from the Ministry of Health is expected later this year.

LOOKING FORWARD

Now well underway with FY2019, we are firmly focused on delivery to our stated strategy. While we have identified our objectives for the short term and are progressing well, the future delivery of care for an ageing population is a universal challenge. We want to be at the forefront of positive change and by doing so provide the best level of care for our residents and the best outcome for our shareholders.

What we have achieved at Arvida over these last three years is a reflection of the commitment of our people. Their attitude and drive to engage with our customers in a positive way has led to a much improved outcome for our residents and the community. I'm proud of what we have accomplished to date and I look forward to building on our momentum as we continue the focus on our vision.

Bill McDonald
Chief Executive Officer

BOARD OF DIRECTORS

ARVIDA GROUP

BOARD CAPABILITY ASSESSMENT

DEEP COMMERCIAL EXPERIENCE	5
FINANCIAL & LEGAL EXPERTISE	4
M&A EXPERTISE	5
GOVERNANCE BREADTH & EXPERIENCE	4
HEALTH & AGED CARE, PROPERTY EXPERIENCE	3

Number of directors assessed to have deep expertise. Review conducted by Propero Consulting Limited in 2017.

PETER WILSON

CHAIR

Joined the Board and appointed Chair in November 2014

Skills

Peter has wide ranging governance experience with an extensive commercial and finance background.

External Appointments

Deputy Chair of Meridian Energy; director of Farmlands Co-operative Society.

ANTHONY BEVERLEY

INDEPENDENT DIRECTOR

Joined the Board in November 2014

Skills

Anthony has a strong track record and extensive experience in property, investment and the capital markets.

External Appointments

Chair of Property for Industry; director of Ngai Tahu Property, Harbour Quays A1, Harbour Quays D4 and Harbour Quays F1F2.

SUSAN PATERSON

INDEPENDENT DIRECTOR

Joined the Board in May 2015

Skills

Susan brings extensive corporate governance experience. In 2015, she was made an Officer of the New Zealand Order of Merit for services to corporate governance.

External Appointments

Chair of Steel and Tube and Theta Systems; director of Goodman NZ, Les Mills NZ, Sky Network Television and the Electricity Authority.

MICHAEL AMBROSE

NON-INDEPENDENT DIRECTOR

Joined the Board in January 2014

Skills

Michael has over 20 years' experience in the aged care sector, providing advice on operational, expansionary and development activity for retirement villages.

External Appointments

Chair of Manchester Unity Friendly Society, Garra International; director of Fiordland Lobster Company, Rodgers & Co. and Chateau Marlborough Hotel.

PAUL RIDLEY-SMITH

INDEPENDENT DIRECTOR

Joined the Board in May 2015

Skills

Paul is a senior executive at Morrison & Co and Infratil where he is involved in the acquisition, disposal and management of Infratil assets.

External Appointments

Chair of Trustpower and a trustee of New Zealand Festival and Wallace Arts Trust.

Full director biographies are available on arvida.co.nz/For-Investors/Directors

SENIOR MANAGEMENT TEAM

BILL MCDONALD

CHIEF EXECUTIVE OFFICER

BBus, MAgriBus

JEREMY NICOLL

CHIEF FINANCIAL OFFICER

BCom, CA

DENISE BRETT

GENERAL MANAGER, WELLNESS AND CARE

NZRCpN, BA, LLB (Hons), Dip Bus Studs

JONATHAN ASH

GENERAL MANAGER, DEVELOPMENT

BEng, MIPENZ, MPINZ

MARK WELLS

GENERAL MANAGER, FINANCE

BCom, ACMA

TERESA SEUX

GENERAL MANAGER, HUMAN RESOURCES

BA, PGDipBus, MHRINZ

VIRGINIA BISHOP

GENERAL MANAGER, OPERATIONS

B.CapSci Otago, Dip Teach Sec

TRISTAN SAUNDERS

GENERAL MANAGER, SALES & MARKETING

BCom, PGDipBus Hons

KAY MARSHALL

GENERAL MANAGER, VILLAGE SERVICES

BCom, VPM

Full biographies are available on arvida.co.nz/For-Investors/Executive-Management

ARVIDA GROUP

OUR BUSINESS

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

Our values reflect who we are and how we would like to be thought of by anyone who we come into contact with in our daily work. By living out our vision, we strive to consistently deliver the Arvida attitude to our customers.

We train new employees and contractors on our vision and these values as part of their induction to Arvida. They form a key part of our people policies and practices and are displayed in our work places.

Our people, our customers and our community are the core of our business.

The way our people deliver services every day is embodied in our culture. It's an attitude that helps us make a real difference in our customer's lives every day and to help those around us to live as well as they can. By addressing the social needs and challenges of our customers, we positively contribute to the sustainability of our community.

OUR VALUES

Passionate
We love what we do; our residents are our family

Authentic
We are genuine and real

Fairness
We act with integrity and respond fairly and consistently in all interactions

Can do
We are empowered to get things done; we start with 'yes' and focus on solutions

Innovative
We constantly search for better outcomes; we challenge 'normal'

Nimble and flexible
We change things when it makes sense to create great resident outcomes

OUR PEOPLE
comprise our biggest asset and are key stakeholders. They are empowered and inspired to deliver outstanding outcomes for our customers and community.

OUR CUSTOMERS
are at the core of everything we do. Our vision is to improve their lives and wellbeing by transforming the ageing experience.

OUR COMMUNITY
is the environment we live and work in. We aim to have a positive impact on communities, delivering quality services and contributing positively to economies.

OUR PEOPLE

We want Arvida to be a place where people enjoy working and can make a difference in the lives of our residents.

ENGAGEMENT AND CULTURE

We have fostered a culture where people are treated fairly and with respect and we are committed to ensuring an inclusive workplace. This is a key part of our vision and values and is reflected in our people policies and practices.

In 2018 we continued the communication of our vision and values to our new villages and staff within the Group. These values are included in the design of key employee documentation and our new employee handbook provided to staff.

We communicate with our employees in a variety of ways including the company intranet, regular staff newsletters, leadership and training events, staff meetings and conferences. Arvida's enterprise social platform Yammer, a corporate version of Facebook, has become a popular environment for idea and experience sharing. It has empowered learnings to be shared and is encouraging collaboration across the organisation.

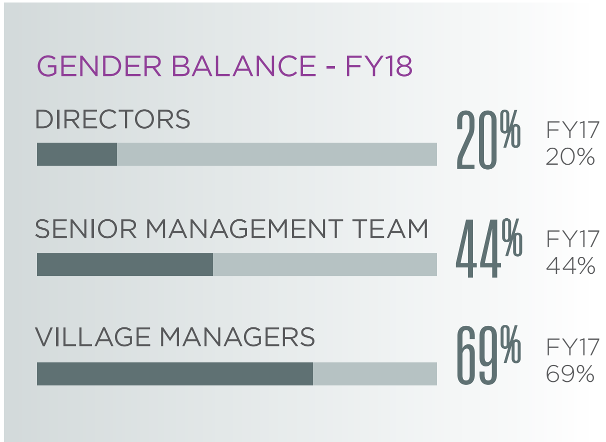
This year we will be gathering insights through our first employee survey. It will invite feedback on leadership, culture and organisational vitality.

The survey will help us understand how our people feel about working at Arvida, their opinions and ideas.

DIVERSITY

At the end of 2018, our workforce totalled 2,310 split between registered nurses (276), caregivers (1,140), other village and support centre staff. Most of our employees are caregivers (approximately 52%) and predominantly female (approximately 87%). Four of our senior management team and eighteen village managers are female.

We have an objective of improving gender diversity in leadership roles with a target of overall gender balance.



Arvida's Attitude of Living Well model has resident wellbeing at its heart.

The model has five wellness pillars – eating well, thinking well, resting well, moving well and engaging well.

TRAINING & EDUCATION

Arvida offers a range of training and development opportunities to help our people broaden their knowledge and increase skills that help them excel in their jobs. Our care staff are expected to attend a minimum of eight hours of training annually. A skilled workforce helps to deliver better outcomes for our residents as well as improving workforce stability and staff engagement.

Our caregivers are well qualified by industry standards with around 70% having NZ Certificate Health and Wellbeing Level 2 or above.

This year we introduced aged care specific educational videos. This is a training resource available to all employees on demand (a first for aged care in New Zealand). Over 10,000 of these courses have been already completed by staff.

Regular training programmes are run for village managers, clinical managers, sales managers and the development team.

We invest in the capabilities of our team leaders so that they can engage, empower and inspire our people to imbue the Attitude of Living Well. The Attitude of Living Well Leadership Programme has been designed internally to promote our approach to care and support each village towards implementation of the Living Well model.

We continue to develop and implement a range of strategies to assist with:

- Employee induction.
- Continuing education and achievement of qualifications.
- Ready access to resource materials.

ETHICS

Our values and Code of Ethics sets out our expectations for our people to conduct business in a legal, ethical and safe way. The Code covers matters such as our commitment to act in good faith, undertake duties with care and diligence, and avoiding conflicts of interest.

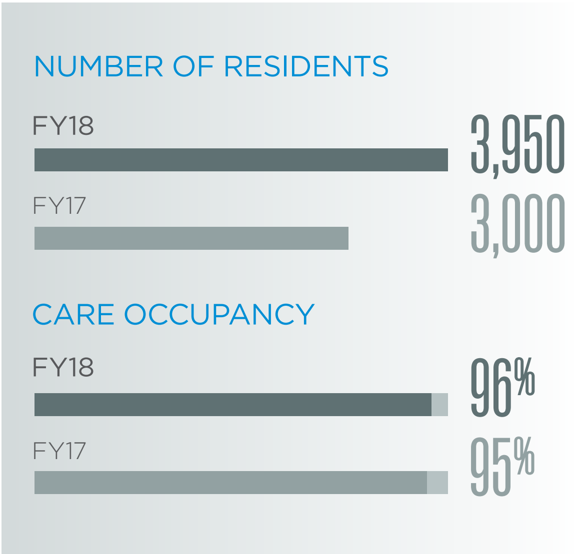
OUR CUSTOMERS

Arvida's Attitude of Living Well model emphasises resident independence, engagement and relationship-centred care.

Our culture holds resident wellbeing at its heart and our villages as part of inclusive communities. The model has five wellness pillars – eating well, thinking well, resting well, moving well and engaging well. It aims to encourage holistic practice that provides excellent clinical care in an environment that supports living well.

As residents increase ownership over their daily lives and plan living well initiatives, there is an increased sense of community inclusion and development of inter-generational relationships. Informal feedback from residents to date describe their experience as a 'return to normality', 'feeling part of things', being able to 'do what I want to do', 'give something back', 'have a purpose' and 'feeling relaxed'.

There is no 'one size fits all' approach to this holistic model of care. Each village uses the Attitude of Living Well to reflect the uniqueness of their people, residents, communities and geographical location. As a result, we are progressing quickly toward social environments that place residents in charge of their household, leading their own day-to-day living whilst experiencing stronger social connections within their village and wider community.



CLINICAL EXCELLENCE

The aged care sector is closely regulated and expectations of quality and integrity are high.

Arvida's care facilities are certified by the Ministry of Health to provide hospital, rest home or dementia services. The Ministry of Health determines the certification period through an external audit by a Designated Auditing Agency that completes an extensive review against 50 Health and Disability Services Standards and 101 criteria within the standards. A routine surveillance audit is carried out at the mid-point of the certification period with continual reporting required on any issues identified at audit.

Certification periods range between six months to four years. Of Arvida's 26 care facilities, 12 have achieved four-year certification (46%), 13 have three-year certification and only one holds two-year certification. Of the certification audits performed this year, 83% achieved four-year certification. Arvida's clinical standard is substantially above the national level where only 21% of all aged care facilities nationally hold four-year certification[1].

The audit awards a Continuous Improvement ('CI') rating when a standard or criteria is achieved beyond the full attainment. Over the last two years, CIs awarded to Arvida facilities have increased, the majority being in good practice and surveillance programmes. A risk rating is also applied to any standards or criteria identified as partially attained or unattained. Many Arvida facilities have fully attained all standards and criteria.

Arvida strives for continual improvement to Health and Disability Services Standards. We have a track record of improvement in certification period that is both a reflection of the work completed by village and clinical managers on clinical quality as well as implementing the Attitude of Living Well model of care across the Group. Policies and procedures at each facility set a framework for safe work practices and safe resident care. They also inform key performance indicators. The overarching principle of our framework is to deliver resident-led quality care services.

1. *HDANZ August 2017, designated audit agency for approximately 55% of NZ aged care facilities.*

KEY PERFORMANCE INDICATORS

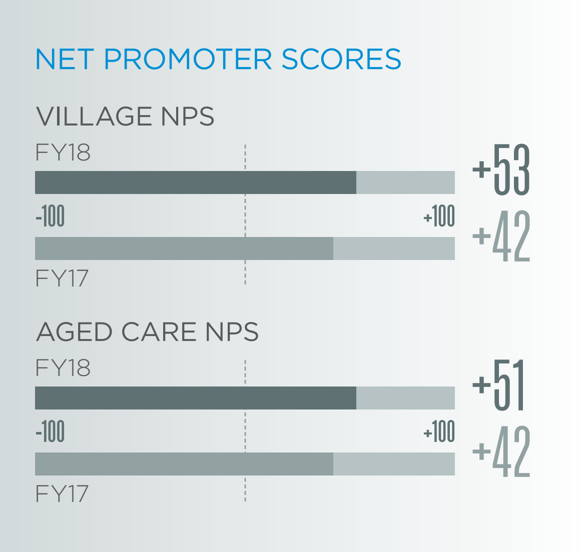
	FY2018	FY2017
Certification period (Group average)	3.42 yrs	3.35 yrs
Average Continuous Improvements ('CI')† per site	1.1	0.9
Average PAs* (negligible or low risk) per site	1.1	1.4
Average PAs* (Moderate risk or above) per site	0.2	0.6

† *CIs are awarded for achievement beyond the full attainment.*

* *A risk rating is given to standards or criteria identified as partially attained ('PA') or unattained ('UA'). These standards or criteria are rated according to the assessed potential risk for consumers – negligible, low, moderate, high or critical risk. A partial attainment rating does not indicate a failure. The Ministry of Health states that most rest home audits have some standards and criteria assessed as partial attainment. Partial attainment indicates the areas that require improvement. The audits are an opportunity to identify the areas where the rest home should improve and what action is required for improvement.*

RESIDENT FEEDBACK

Arvida has adopted Net Promoter Score® ('NPS') as a primary internal metric of measuring customer experience. NPS is used globally by leading organisations to measure how likely customers are to recommend them. It is a more reliable indicator of quality than overall customer satisfaction because a customer's willingness to recommend a product or service assumes that the person is not only satisfied, but willing to put their personal 'stamp' behind a recommendation for the company.



Our NPS is derived from an independent annual resident satisfaction survey completed in February of each year. This year, nearly 2,350 (FY2017: 1,520) surveys were completed for an overall response rate of 70% (FY2017: 57%), significantly above the response rate achieved last year. Our results have shown that Arvida has a very strong set of "promoters", which is well above the experience of the service industry broadly.

NUTRITION

Food is a hugely important component to residents' health and happiness. Maintaining good nutrition improves physiological wellbeing, as well as positively impacting social and psychological quality-of-life.

Arvida has a dedicated national dietitian that works with our villages ensuring residents enjoy nutritious and safe food, with a focus on:

- Appetising, high quality food that improves resident health.
- Menus based on whole, natural, in-season foods, as well as providing variety and choice.
- Providing opportunities for resident engagement with the foodservice.
- Pleasurable dining experiences that promote companionship.

All residents have a Mini Nutritional Assessment completed on admission and then repeated six monthly.

OUR COMMUNITY

Arvida is a committed community partner engaging on a national and local level with a number of organisations, charities and not for profits. We are Principal Sponsors of the NZ Young@Heart Chorus, which is a group of entertainers and singers aged over 70 years. We introduced the Cycling Without Age programme to New Zealand as part of a global initiative to provide bicycle outgoings for the elderly or disabled. Locally our villages support and are involved with multiple organisations such as Plunket, SPCA, Probus, Rotary, schools and bowling clubs. Our wide scope of community outreach is one way we foster the connections within our villages.

HEALTH & SAFETY

We have achieved ACC Workplace Safety Management Practices at level 3 across the Group.

Arvida is committed to continuous improvement in health and safety and to maintaining a safe and healthy workplace for staff, residents and the community. Over 1,600 health and safety training courses were completed by staff in 2018.

Our development sites are audited by independent Health & Safety consultants on a rolling basis. Every site is audited at least once per quarter. Sites with high levels of health and safety risk are audited more frequently.

We encourage a collaborative learning approach between our Health and Safety Auditors and our contractors which is achieving positive results.

As part of our health and safety strategy we have utilised the SafePlus Onsite Assessment process to guide our health and safety planning and continuous improvement initiatives. It assesses our performance against ten requirements important for good health and safety, as well as providing advice on how to improve.

The initial assessment of seven of our villages found the following:

- The business has effective governance and leadership in health and safety.
- Senior leaders visibly demonstrate their commitment to health and safety through their actions.
- The business strives to continually improve health and safety practice and performance.
- The business resources health and safety activities.
- Effective communication of health and safety incidents were shared with employees with any issues promptly dealt with.
- Employees were aware of the hazards and risks they encountered on a daily basis.

The direction of our health and safety programme is to seek continuous improvement, and also ensure that staff and residents' requirements are considered through a holistic approach. Health and safety progress is reported monthly to the Board by the CEO as chair of the Villages' health and safety committee.

A National Health and Safety Manager was recently appointed as part of our health and safety programme.

PROMOTING WELLNESS

Awareness is crucial to successfully influencing behaviours and promoting healthy living practices that extend beyond our workplace. We encourage education to inspire healthy behaviours in our people and support our wellness leaders to align organisational wellness strategies with the workplace.

We support our people with an independent service to promote positive wellbeing in the workplace. The service offers safe, professional and confidential counselling and practical support by qualified practitioners so our people can resolve issues that may be affecting work, relationships, life or performance.

Positive employee behaviours are supported with initiatives such as eating well challenges, annual influenza vaccinations, participation in events such as the Auckland marathon and attendance at wellness and healthcare events. Our employee wellbeing will be measured in the employee survey being undertaken this year.

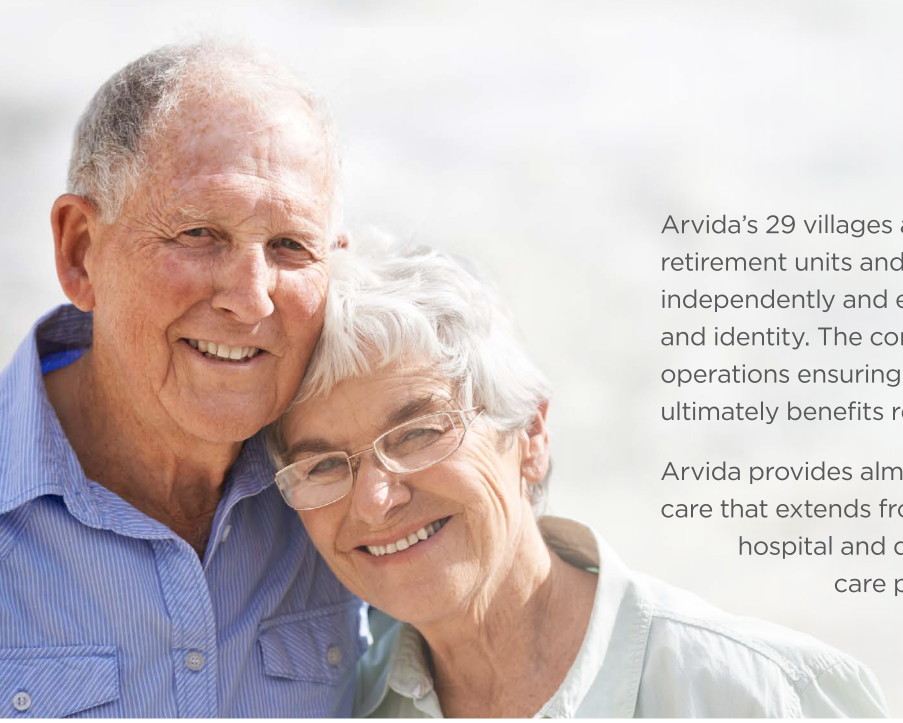
SUSTAINABILITY

We have committed to developing a sustainability policy covering our development activities and commercial operations. The focus will be on improving the liveability and efficiency of our communities, and to reduce our impact on the environment, particularly by improving energy efficiency and waste reduction. Progressively upgrading lighting in our villages to LED technology is an example of an initiative currently underway throughout the Group that will lower energy consumption and improve lighting quality for staff and residents.

The development at Park Lane sets our benchmark for sustainability initiatives in future projects. As set out in the CEO's report, the current development uses environmentally sustainable products in construction and includes features to improve energy efficiency.

TAX AND DIVIDENDS

We make a valuable contribution through payment of corporate income taxes, goods and service taxes and remitting employment related taxes on behalf of our employees. A large proportion of our profit is also paid out to shareholders as imputed dividends. Collecting and paying tax contributes to our community and the economy.



Arvida's 29 villages are located nationally, comprising 1,850 retirement units and 1,743 care beds. Each village operates independently and expresses its own character, personality and identity. The corporate structure supports village operations ensuring quality and consistency in service, which ultimately benefits residents, village staff and shareholders.

Arvida provides almost 4,000 residents with a continuum of care that extends from independent living to full rest home, hospital and dementia level care and a range of flexible care plans depending on their needs.

ARVIDA GROUP AT A GLANCE

TOTAL AGED CARE BEDS

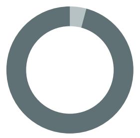
743 Rest Home

733 Hospital

267 Dementia Care

907 North Island

836 South Island



96%

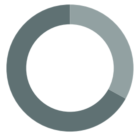
Occupancy of Aged Care Beds

TOTAL RETIREMENT UNITS

1,162 Villas/Apartments

674 Serviced Apartments

14 Care Suites



1,240 North Island

610 South Island

82 years Current Average Age of Independent Living Residents

87 years Current Average Age of Serviced Apartment Residents

AGED CARE

Aged care is an integral part of Arvida's continuum of care offering with 21 co-located and 5 standalone care facilities.

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

Options include rest home, hospital, and secure dementia care. Respite care facilities are also available at many Arvida locations.

RETIREMENT LIVING

Independent Living

Accommodation options that typically provide for 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. Options include villas and apartments.

Assisted Living

Assisted living options (serviced apartments) are designed to provide residents with the support and care they require. Arvida offers a range of care packages in conjunction with an ORA.

HISTORICAL SUMMARY

KEY FINANCIAL & OPERATIONAL STATISTICS

FINANCIAL	FY2015[6]	FY2016	FY2017	FY2018
Care fees and village services ($000)	17,458	72,445	85,735	109,896
Deferred management fees ($000)	1,992	7,793	12,268	18,147
Total revenue ($000)	20,071	82,509	101,433	132,298
Operating earnings ($000)	4,666	17,396	20,529	23,453
Net profit after tax (IFRS) ($000)	3,080	24,024	53,668	57,637
Underlying profit [7] ($000)	4,006	15,781	23,135	33,019
Net operating cash flow ($000)	5,926	24,157	39,746	53,877
Total assets ($000)	352,962	460,701	795,829	1,132,704
Embedded value per unit ($)	62,000	67,000	117,000	130,000
Underlying profit per share (cents)	1.78	6.05	7.66	8.90
Dividend per share (cents)	1.03	4.25	4.45	5.01
Net tangible assets per share (cents)	78.6	82.6	95.9	109.9
Shares on issue (000)	224,850	273,245	334,261	413,741

OPERATIONAL	FY2015[6]	FY2016	FY2017	FY2018
Number of Villages	18	21	26	29
Care beds	944	1,246	1,446	1,743
Retirement living units	817	908	1,301	1,850
Needs-based composition	79%	82%	74%	68%
Occupancy of care beds [8]	94%	94%	95%	96%
New sales of occupation rights	15	20	32	79
Resales of occupation rights	33	149	166	216
Total sale of occupation rights	48	169	198	295
New units/beds delivered	5	32	5	97
Units/beds under construction	14	24	262	486
Units/beds planned	172	201	645	613

6. Financial statistics for FY2015 represent a part period with village operations commencing on 18 December 2014.
7. Underlying Profit is a non-GAAP (unaudited) financial measure and differs from NZ IFRS net profit after tax by replacing the unrealised fair value adjustment in property values with the Board's estimate of realised components of movements in investment property value and to eliminate deferred tax and one-off items. Please refer to page 10 for a reconciliation to Reported Profit under IFRS.
8. Measured in March for each financial year.

FINANCIAL STATEMENTS

ARVIDA GROUP LIMITED
FOR THE YEAR ENDED
31 MARCH 2018

DIRECTORS' STATEMENT

The Directors have pleasure in presenting the Financial Statements of Arvida Group Limited for the year ended 31 March 2018.

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 the 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 preventions 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 28 May 2018.

Peter Wilson
Chairman
28 May 2018

Anthony Beverley
Director
28 May 2018

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2018

$000	Note	Group Year to 31 March 2018	Group Year to 31 March 2017
Income			
Care fees and village services	2	109,896	85,735
Deferred management fees	2	18,147	12,268
Other income	2	4,255	3,430
Total revenue		**132,298**	**101,433**
Gain on acquisition of subsidiaries		0	3,163
Change in fair value of investment property	6	41,192	39,268
Change in fair value of interest rate swaps		(581)	0
Change in fair value in property, plant and equipment	7	1,358	828
Share of profit arising from joint venture		5,141	0
Total income		**179,408**	**144,692**
Expenses			
Employee costs	3	75,109	54,117
Property costs	3	9,745	7,561
Depreciation and amortisation	7, 8	4,252	3,428
Impairment of goodwill	8	1,213	0
Finance costs	4	2,203	1,297
Transaction costs		980	960
Other expenses	3	23,991	19,226
Total expenses		**117,493**	**86,589**
Profit before tax		**61,915**	**58,103**
Income tax expense	5	4,278	4,435
Profit after tax		**57,637**	**53,668**
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Net gain on revaluation of property, plant and equipment	7	7,619	1,058
Total comprehensive income		**65,256**	**54,726**
Earnings per share:			
Basic (cents per share)	14	15.53	17.77
Diluted (cents per share)	14	15.41	17.62

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2018

$000	Note	Retained Earnings	Asset Revaluation Reserve	Share Based Payment Reserve	Share Capital	Total
Opening Balance at 1 April 2016		**15,836**	**2,188**	**95**	**246,642**	**264,761**
Profit for the period		53,668	0	0	0	53,668
Other comprehensive income		0	1,058	0	0	1,058
Total comprehensive income		**53,668**	**1,058**	**0**	**0**	**54,726**
Dividends paid		(13,212)	0	0	0	(13,212)
Share based payments		0	0	221	0	221
Share capital issued	13	0	0	0	66,295	66,295
Transaction costs	13	0	0	0	(1,239)	(1,239)
Balance at 31 March 2017		**56,292**	**3,246**	**316**	**311,698**	**371,552**
Opening Balance at 1 April 2017		**56,292**	**3,246**	**316**	**311,698**	**371,552**
Profit for the period		57,637	0	0	0	57,637
Other comprehensive income		0	7,619	0	0	7,619
Total comprehensive income		**57,637**	**7,619**	**0**	**0**	**65,256**
Dividends paid		(17,204)	0	0	0	(17,204)
Share based payments		0	0	313	0	313
Share capital issued	13	0	0	0	92,879	92,879
Transaction costs	13	0	0	0	(2,334)	(2,334)
Balance at 31 March 2018		**96,725**	**10,865**	**629**	**402,243**	**510,462**

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

CONSOLIDATED BALANCE SHEET

As at 31 March 2018

$000	Note	Group as at 31 March 2018	Group as at 31 March 2017
Assets			
Cash and cash equivalents		3,129	1,299
Trade receivables and other assets		7,610	5,431
Tax receivable		1,430	358
Resident advances		4,589	4,501
Accrued income		7,324	6,755
Property, plant and equipment	7	225,409	156,521
Investment properties	6	806,294	569,855
Investment in joint venture		21,172	0
Intangible assets	8	55,747	51,109
Total assets		**1,132,704**	**795,829**
Liabilities			
Trade and other payables	12	16,075	11,749
Employee entitlements	12	9,100	6,205
Revenue in advance	12	28,155	21,117
Interest rate swaps		581	0
Interest bearing loans and borrowings	10	122,500	73,500
Resident's loans	9	415,201	290,894
Deferred tax liabilities	5	30,630	20,812
Total liabilities		**622,242**	**424,277**
Net assets		**510,462**	**371,552**
Equity			
Share capital		402,243	311,698
Reserves		11,494	3,562
Retained earnings		96,725	56,292
Total equity		**510,462**	**371,552**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2018

$000	Note	Group Year to 31 March 2018	Group Year to 31 March 2017
Cash flows from operating activities			
Receipts from residents for care fees and village services		113,139	90,329
Receipts of residents' loans from resales		63,341	53,207
Receipts of residents' loans from new sales		27,935	9,197
Interest received		66	73
Payments to suppliers and employees		(106,318)	(76,754)
Repayments of residents' loans		(37,701)	(26,025)
Net advances to residents		(4)	(3,288)
Interest paid		(1,940)	(1,145)
Income tax paid		(4,641)	(5,848)
Net cash inflow from operating activities	11	**53,877**	**39,746**
Cash flows from investing activities			
Cash and (bank overdraft) acquired from subsidiaries		2,962	(236)
Purchase of property, plant and equipment and intangible assets		(66,178)	(23,294)
Payments for investments in joint venture		(11,931)	0
Payments for investments in subsidiaries	17	(43,780)	(66,452)
Purchase of investment properties		(12,101)	(19,243)
Net insurance claim proceeds		0	898
Capitalised interest paid		(1,880)	(261)
Net cash (outflow) from investing activities		**(132,908)**	**(108,588)**
Cash flows from financing activities			
Proceeds from borrowings		73,750	133,180
Repayment of borrowings		(49,250)	(91,218)
Net proceeds of share issue		76,879	41,795
Transaction costs		(3,314)	(2,199)
Dividends paid		(17,204)	(13,212)
Net cash inflow from financing activities		**80,861**	**68,346**
Net increase/(decrease) in cash and cash equivalents		**1,830**	**(496)**
Cash and cash equivalents at the beginning of the financial period		1,299	1,795
Cash and cash equivalents at the end of the financial period		**3,129**	**1,299**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended
31 March 2018

1. GENERAL INFORMATION

Arvida Group Limited (the "Group" or the "Company") is a for-profit, limited liability company incorporated and domiciled in New Zealand. Arvida Group Limited is registered under the Companies Act 1993. The Company is an FMC Reporting Entity in terms of Part 7 of the Financial Markets Conduct Act 2013 ("the Act") and is listed on the NZX Main Board (the "NZX"). The Company's registered office is 39 Market Place, Viaduct Basin, Auckland.

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 28 May 2018. The financial statements presented are for Arvida Group Limited and its subsidiaries.

The Directors believe it remains appropriate that the financial statements have been prepared under the going concern convention.

Basis of Preparation

These financial statements have been prepared:

- in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP") and comply with International Financial Reporting Standards ("IFRS") and the New Zealand equivalents ("NZ IFRS") as appropriate for a for-profit entity;
- in accordance with the requirements of the Financial Markets Conduct Act 2013;
- under the historical cost convention, as modified by the revaluation of investment properties and land and buildings (included in property, plant and equipment);
- on the liquidity basis where the assets and liabilities are presented on the balance sheet in the order of their liquidity;
- in New Zealand dollar terms, rounded to the nearest thousand dollars; and
- with all amounts 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.

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 Directors, in determining the appropriate treatment, have carefully evaluated all of the available information and consider the adopted policies to be appropriate. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are found in the following notes:

Note 2 Revenue recognition
Note 5 Income taxes
Note 6 Fair value of investment property
Note 7 Fair value of care facility
Note 8 Impairment of goodwill

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.

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.

The Group operates in one operating segment being the provision of aged-care in New Zealand. 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. All revenue earned and assets held are in New Zealand.

Other Accounting Policies

Other accounting policies that are relevant to an understanding of the financial statements are provided within the notes to the financial statements.

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.

Those relevant to Arvida Group are included in the table below:

	Effective for the financial year ending
NZ IFRS 15 'Revenue from contracts with customers'	31 March 2019
NZ IFRS 9 'Financial Instruments'	31 March 2019
NZ IFRS 16 'Leases'	31 March 2020

Arvida Group considers that the Occupation Right Agreement will be deemed to be a lease under NZ IFRS 16, as the agreement conveys to the resident the right to use and control an asset. Whilst Arvida Group considers that deferred management fees will be derived under NZ IFRS 16, it does not expect any changes to current practices. Additional note disclosures will be required to adhere to the disclosure requirements of the new standard. Care fees and village service fees will continue to be accounted for under NZ IFRS 15, as they relate to "pay as you go" fees.

Under NZ IFRS 16, Arvida Group will also recognise a lease liability and a 'right-of-use' asset, both reflecting future lease payments on its leased properties. These include three administration offices and one care facility. These properties have a total annual rental of $0.6 million and total future lease payments of $3.4 million.

NZ IFRS 9 replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.

The full financial statement impact of the adoption of these standards has not yet been fully assessed.

The impact is not expected to be significant to the Group.

2. INCOME

$000	2018	2017
Income		
Care fees and village services	109,896	85,735
Deferred management fees	18,147	12,268
Other income	4,255	3,430
Total revenue	**132,298**	**101,433**

Care Fees and Village Services

Care fees and village services fees are recognised over the period in which the service is rendered.

Deferred Management Fees

Deferred management fees entitle residents to accommodation and the use of the community facilities within the village. They are recognised over the period of service, being the greater of the expected period of tenure or the contractual right to the revenue.

Information about Major Customers

The Group derives care fee revenue in respect of eligible Government subsidised aged care residents who receive rest home, dementia or hospital level care. Government aged care subsidies received from the Ministry of Health included in care fees and village services amounted to $61.1 million (2017: $50.3 million).

Key Judgements and Estimates

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. The expected periods of tenure, being based on historical results, experience and industry averages, are estimated at 4.0 to 5.0 years (2017: 4.0 to 4.9 years) for studios and serviced apartments, and are estimated at 6.3 to 9.0 years (2017: 6.2 to 9.0 years) for independent apartments and villas.

3. EXPENSES

$000	2018	2017
Profit before income tax includes the following specific expenses:		
Employment expenses	75,109	54,117
Property expenses	9,745	7,561
Other expenses	23,991	19,226
Total operating expenses	**108,845**	**80,904**
Other expenses		
Directors' fees	476	405
Rental and operating lease expenses	588	515

Operating Expenses
Employment expenses relate to wages and salaries of employees which includes holiday pay and employee incentives. These expenses are recognised as the benefit accrues to the employee.

Property expenses and other expenses relate to costs associated with running a retirement village such as rates, insurance, repairs and maintenance, purchases of consumables and power costs. These expenses are recognised as they are incurred.

Operating Leases
Operating Lease payments are expensed on a straight line basis over the expected tenure of the lease.

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.

Operating Lease Commitments
Non-cancellable operating lease rentals are payable as follows:

$000	2018	2017
Less than 1 year	618	539
Between 1 and 5 years	2,179	1,559
More than 5 years	649	642
Total operating lease commitments	**3,446**	**2,740**

4. FINANCE COSTS

$000	2018	2017
Interest expense	1,260	925
Facility costs	943	372
Total finance costs	**2,203**	**1,297**

Finance Costs
Interest expense and facility costs comprises interest and fees payable on borrowings and is calculated using the effective interest rate 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.

5. INCOME TAX EXPENSE

$000	2018	2017
Income tax expense		
Current tax	3,962	3,972
Deferred tax	316	463
	4,278	**4,435**

$000	2018	2017
Reconciliation to profit before tax		
Profit before tax	61,915	58,103
Tax at 28%	**17,336**	**16,269**
Tax effects of amounts which are not deductible (taxable) in calculating taxable income:		
Changes in fair values	(11,751)	(11,227)
Share of profit arising from joint venture (net of tax)	(1,439)	0
Non-taxable gain on acquisitions (net of costs)	0	(886)
Non-taxable income and non-deductible expenditure	101	157
Other	31	122
Income tax expense	**4,278**	**4,435**

Income Tax Expense
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). The applicable tax rate is 28% (2017: 28%).

Imputation Credits
The imputation credit balance for the Group and Parent as at 31 March 2018 is $0.5 million (2017: $1.9 million).

Deferred Tax
Deferred tax arises as a result of 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.

$000	2018	2017
Brought forward	**20,812**	**16,621**
Temporary difference in income statement		
Property, plant and equipment	4	(74)
Investment property	1,275	562
Deferred management fees	(319)	(11)
Other items	(644)	(14)
	316	**463**
Temporary differences in OCI		
Property, plant and equipment	2,963	411
	2,963	**411**
Acquired on acquisition		
Property, plant and equipment	2,222	2,687
Investment property	6,038	3,070
Deferred management fees	(1,377)	(2,271)
Other items	(344)	(169)
	6,539	**3,317**
Balance at end of year		
Property, plant and equipment	21,718	16,529
Investment property	16,195	8,882
Deferred management fees	(5,141)	(3,445)
Other items	(2,142)	(1,154)
Deferred tax liability	**30,630**	**20,812**

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. 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.

Key Judgements and Estimates

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.

6. INVESTMENT PROPERTY

$000	2018	2017
Balance at beginning of period	569,855	295,839
Purchase on acquisition	154,291	214,665
Additions	13,698	17,981
Reclassification from property, plant and equipment	27,258	2,102
Fair value movement - unrealised	41,192	39,268
Total investment property	**806,294**	**569,855**
Valuation of managers' net interest	336,162	235,080
Development land	34,100	29,520
Liability for residents' loans	415,201	290,894
Net revenue in advance / (accrued income)	20,831	14,361
Total investment property	**806,294**	**569,855**

Recognition and Measurement

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 land acquired with the intention of constructing a retirement village or care facility on it.

Investment property is initially recognised at cost and subsequently measured at fair value with any change in fair value recognised in the statement of comprehensive income.

Key Judgements and Estimates

The fair value of investment property is determined on an annual basis. The fair value of completed investment properties and development land has been determined by Michael Gunn, an independent registered valuer, of the firm CBRE Limited ("CBRE") and Matthew Straka and Glenn Loraine, both independent registered valuers of the firm Jones Lang LaSalle Limited ("JLL"). A valuation method was used based on a discounted cash flow ("DCF") model. CBRE used expected cash flows for a 20-year period and JLL used expected cash flows for a 25-year period.

The valuation of investment property includes within its forecast cash flows, the Group's expected costs relating to any known or anticipated remediation works. 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 DCF. 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'. Significant assumptions used by the valuer include:

Assumption	Estimate Used
Occupancy periods of units	Stabilised departing occupancy of 6.3 to 9.0 years (2017: 6.2 to 9.0 years) for independent apartments and villas and 4.0 to 5.0 years for studios and serviced apartments (2017: 4.0 to 4.9 years)
House price inflation	Between 0.0% and 3.5% (2017: 0.0% and 3.5%)
Discount rate	Between 12.3% and 16.5% (2017: 12.5% and 16.0%)
Average age on entry	Between 73 and 82 years (2017: 74 and 85) for independent apartments and villas and between 80 and 88 years (2017: 81 and 87) for serviced apartments

The occupancy period derived by CBRE 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. 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, current absolute age levels and whether it is a care or lifestyle orientated village.

The occupancy period derived by JLL for the existing residents is based on the observed historical length of stay within the village and the demographic profile of the existing residents, including age and gender. The stabilised occupancy period for new residents is guided by the historical length of stay for previous residents within the village, considered alongside village maturity, resident densities where a high proportion of couples will logically prolong the recycle profile, current age levels and whether it is a care or lifestyle orientated village.

An increase (decrease) in the stabilised departing occupancy period will have a negative (positive) impact on the valuation. A significant decrease (increase) in the discount rate or increase (decrease) in the inflation rate would result in a significantly higher (lower) fair value measurement.

7. PROPERTY, PLANT AND EQUIPMENT

$000	Freehold Land at Valuation	Freehold Building at Valuation	Work in progress	Other	Total
Year ended 31 March 2017					
Opening net book value	35,575	66,025	1,473	6,923	109,996
Assets acquired on acquisition	7,760	14,340	889	1,941	24,930
Additions	0	601	22,564	2,748	25,913
Depreciation	0	(1,529)	0	(1,899)	(3,428)
Revaluation	0	2,296	0	0	2,296
Reclassification to investment property	0	0	(2,102)	0	(2,102)
Disposals and transfers	0	(626)	0	(458)	(1,084)
Closing net book value	**43,335**	**81,107**	**22,824**	**9,255**	**156,521**
Cost or valuation	43,335	81,107	22,824	13,205	160,471
Accumulated depreciation	0	0	0	(3,950)	(3,950)
Net book value at 31 March 2017	43,335	81,107	22,824	9,255	156,521
Year ended 31 March 2018					
Opening net book value	43,335	81,107	22,824	9,255	156,521
Assets acquired on acquisition	5,100	13,700	0	1,408	20,208
Additions	0	2,179	65,195	3,412	70,786
Depreciation	0	(1,826)	0	(2,381)	(4,207)
Revaluation	7,005	4,935	0	0	11,940
Reclassification from/(to) investment property	1,575	0	(28,833)	0	(27,258)
Disposals and transfers	0	0	(2,365)	(216)	(2,581)
Closing net book value	**57,015**	**100,095**	**56,821**	**11,478**	**225,409**
Cost or valuation	57,015	100,095	56,821	17,799	231,730
Accumulated depreciation	0	0	0	(6,321)	(6,321)
Net book value at 31 March 2018	57,015	100,095	56,821	11,478	225,409

Recognition and Measurement

Land and buildings (which are not classified as investment property) are initially 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.

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 is charged to the income statement over the estimated useful lives of each asset class as follows:

- Land – not depreciated
- Buildings – 2% straight line
- Plant, Furniture, Equipment and Motor Vehicles - a combination of straight line and diminishing value at rates of 3% to 80%

At 31 March 2018, had the land and buildings been carried at historical cost less accumulated depreciation and accumulated impairment losses, their carrying amount would have been approximately $47.0 million and $94.4 million respectively (2017: $40.4 million and $80.4 million).

Key Judgements and Estimate

Fair value of land and buildings 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 current policy is to undertake an independent revaluation every two years.

The fair value of care facility land and buildings for the year ended 31 March 2018 was determined by Michael Gunn, an independent registered valuer of the firm CBRE Limited and Matthew Straka and Glenn Loraine, both independent registered valuers of the firm Jones Lang LaSalle Limited. The method used was a capitalisation of earnings approach.

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 carrying amount also reflects the Group's expected costs relating to any known or anticipated remediation works.

The significant unobservable inputs used in the fair value measurement of the Group's portfolio of land and buildings are:

Assumption	Estimate Used
Capitalisation rates	Rates used range from 11.5% to 14.5% (2017: 11.0% to 14.5%)
Earnings	Market value for a care bed ranging from $66,000 to $178,000 (2017: $61,000 to $175,000)

A significant decrease (increase) in the capitalisation rate would result in a significantly higher (lower) fair value measurement.

8. INTANGIBLE ASSETS

$000	Goodwill	Software	Total
Year ended 31 March 2017			
Opening net book value	39,029	0	39,029
Additions	12,080	0	12,080
Amortisation	0	0	0
Impairment of goodwill	0	0	0
Closing net book value	**51,109**	**0**	**51,109**
Year ended 31 March 2018			
Opening net book value	51,109	0	51,109
Additions	5,296	600	5,896
Amortisation	0	(45)	(45)
Impairment of goodwill	(1,213)	0	(1,213)
Closing net book value	**55,192**	**555**	**55,747**

Goodwill

Goodwill as at 31 March 2018 was $55.2 million (2017: $51.1 million). Goodwill has increased as a result of the business combinations outlined in note 17, offset by the recognition of goodwill impairment.

Goodwill is tested for impairment annually at 31 March and when circumstances indicate that the carrying value may be impaired. Goodwill acquired through business combinations with indefinite lives have been allocated, for impairment testing, to 21 of the 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. Impairment losses relating to goodwill cannot be reversed in future periods.

In 19 of the CGU's the recoverable amount was in excess of the carrying value. As such the Directors did not identify any impairment for these CGU's. In 2 of the CGU's the carrying value was in excess of the recoverable amount and an impairment was recognised. Goodwill allocated to any single CGU is not material.

Key Judgements and Estimates

The value in use calculation is based on a DCF model which uses the following assumptions:

Assumption	Description	Estimate Used
Operating earnings	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.	Cash flow projections from the Group's five year financial forecasts approved by the Board which 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.
Discount rates	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.	Pre-tax discount rates for each CGU, ranging from 11.1% to 21.9% (2017: 11.7% to 20.1%). The discount rates have been taken from the most recent independent valuation of each CGU.
Growth rates	Growth rates are used to extrapolate cash flows beyond the forecast period.	Growth rates of 2.5% (2017: 2.0% to 2.5%) have been used after the initial financial forecast period.

Software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specified software. These costs are amortised on a diminishing-value basis over their estimated useful lives (2 years).

9. RESIDENTS' LOANS

$000	2018	2017
Opening balance	290,894	142,158
Amounts repaid on termination of ORAs	(37,870)	(24,995)
Amounts received on issue of new ORAs	91,685	59,938
Amounts acquired on investment property	88,879	124,622
Movement in DMF receivable and residents' portion of capital gains	(18,387)	(10,829)
Total residents' loans	**415,201**	**290,894**

Residents' loans are amounts payable to Arvida by a resident on being issued the right to occupy one of the Group's units or serviced apartments under an occupation right agreement ("ORA"). The ORA confers a right of occupancy until such time as the right is effectively terminated.

These loans are non-interest-bearing and are repayable to the exiting resident, net of any amount owing to the Group, when a new ORA for the unit or serviced apartment is issued to an incoming resident.

Deferred management fees ("DMF") 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 by the resident calculated as a percentage of the resident loan amount as per the resident's ORA.

The DMF receivable is calculated and recorded based on the current tenure of the resident and the contractual right to the DMF earned at balance date. Under certain ORAs, residents are entitled to receive some or all of the capital gain which has occurred from the increase in value of the unit or serviced apartment. The present value of the operator's portion of estimated capital gain has been calculated by either CBRE Limited or Jones Lang LaSalle Limited in the valuation of the investment property.

Recognition and Measurement

Resident loans are initially recognised at fair value and subsequently measured at amortised cost.

As the Group holds a contractual right to offset the DMF receivable on termination of an agreement against the resident's loan to be repaid, residents' loans are recognised net of the DMF receivable on the balance sheet. The fair value of the residents' loans is equal to the face value, being the amount that can be demanded for repayment.

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 is held on the balance sheet as a liability (revenue in advance) or as an asset (accrued income).

10. INTEREST BEARING LOANS AND BORROWINGS

$000	2018	2017
Secured bank loans		
Repayable within 12 months	0	0
Repayable after 12 months	122,500	73,500
Total interest bearing loans	**122,500**	**73,500**

Recognition and Measurement

Borrowings are initially recognised at fair value, net of transaction costs incurred and 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.

Secured Bank Loans

The bank loan comprises the two revolving core facilities.

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 property assets within the retirement village companies. A registered first ranking composite general security agreement is in place. This contains 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.

Interest

Interest on the bank loan is charged using the BKBM Bill Rate plus a margin. Interest rates applicable in the year to 31 March 2018 ranged from 2.5% to 2.9% pa (2017: 2.4% to 3.6% pa). A separate line fee is charged over the facility limit.

Interest Capitalisation

Interest costs are capitalised if they directly relate to development work in progress. Capitalisation commences when the activities to prepare the development works commence and continue until the asset is substaintially ready for its intended use.

Interest costs of $1.9 million (2017: $0.3 million) were capitalised during the year. The weighted average capitalisation rate on the funds borrowed was 3.5% (2017: 3.5%).

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 2018, the Group was in compliance with its financial covenants (2017: the Group was in compliance with its financial covenants).

Funding facilities	Facility Limit	Maturity	2018 Drawn Amount	2017 Drawn Amount
Facility A	$75m	30-6-2020	$69.5m	$0
Facility B	$75m	30-6-2022	$53.0m	$0
Revolving Core Facility	$40m Refinanced	30-9-2019	$0	$40.0m
Revolving Core Facility	$40m Refinanced	30-9-2021	$0	$33.5m
Total Facilities			**$122.5m**	**$73.5m**

11. RECONCILIATION OF PROFIT AFTER TAX WITH CASH INFLOW FROM OPERATING ACTIVITIES

$000	2018	2017
Profit after tax	**57,637**	**53,668**
Adjustments for:		
Changes in fair value of investment property	(41,192)	(40,096)
Changes in fair value of property, plant and equipment	(1,358)	0
Changes in fair value of interest rate swaps	581	0
Gain on acquisition of subsidiaries	0	(3,163)
Share of investment in joint venture	(5,141)	0
Depreciation	4,252	3,428
Impairment of goodwill	1,213	0
Movement in deferred tax	316	463
Earthquake costs included in investing activities	0	(898)
Transaction costs included in financing activities	980	960
Changes in working capital relating to operating activities		
Trade receivables and other assets	(3,809)	(4,555)
Trade and other payables	4,685	5,827
Refundable occupation right agreements	35,428	24,112
Other	285	0
Net cash inflow from operating activities	**53,877**	**39,746**

Cash comprises cash at bank, bank overdraft, cash on hand and call deposit facilities with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

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

- 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.

12. TRADE AND OTHER PAYABLES

$000	2018	2017
Trade creditors	8,209	6,586
Sundry creditors and accruals	7,866	5,163
Employee entitlements	9,100	6,205
Revenue in advance	28,155	21,117
Total trade and other payables	**53,330**	**39,071**

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

Employee Entitlements
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.

13. SHARE CAPITAL

Shares 000	2018	2017
Opening balance	334,261	273,245
Shares issued	79,480	61,016
Closing balance	**413,741**	**334,261**

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

The Company incurred transaction costs of $3.3 million issuing shares during the year (2017: $2.2 million), with $2.3 million related to the issue of new shares and deducted from equity (2017: $1.2 million).

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

On 30 June 2016 Arvida Group Limited issued 5,393,724 ordinary shares at $1.11 to the vendors of Lansdowne Park in part-satisfaction of the purchase price.

On 3 October 2016 Arvida Group Limited issued 15,817,374 ordinary shares at $1.17 to the vendors of Copper Crest and Lauriston Park in partsatisfaction of the purchase price.

On 26 October 2016 Arvida Group Limited issued 39,804,381 ordinary shares at $1.05 to existing investors by way of a 1-for-7 pro-rata renounceable rights issue to replenish cash reserves after the acquisition of Copper Crest, Views Lifecare and Lauriston Park.

On 13 October 2017 Arvida Group Limited issued 12,628,255 ordinary shares at $1.267 to the vendors of Mary Doyle, Strathallan and Village at the Park in part satisfaction of the purchase price.

On 13 October 2017 Arvida Group Limited issued 66,851,393 ordinary shares at $1.15 to existing investors by way of a 1-for-5 pro-rata renounceable rights issue to replenish cash reserves after the acquisition of Mary Doyle, Strathallan and Village at the Park.

Dividends
During the year dividends of 4.6 cents per orindary share (2017: 4.4 cents per ordinary share) were paid to shareholders. Imputation credits of 1.6 cents per ordinary share (2017: 1.6 cents per ordinary share) were attached to the dividends.

14. EARNINGS PER SHARE

$000	2018	2017
Profit attributable to equity holders	57,637	53,668
Basic earnings per share		
Weighted average number of ordinary shares on issue (thousands)	371,061	302,064
Basic earnings per share (cents)	**15.53**	**17.77**
Diluted earnings per share		
Weighted average number of ordinary shares on issue (thousands)	373,953	304,615
Diluted earnings per share (cents)	**15.41**	**17.62**

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.

15. FINANCIAL RISK MANAGEMENT

Financial Instruments

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.

$000	2018	2017
Financial assets		
Cash and cash equivalents	3,129	1,299
Trade receivables and other assets	6,067	5,431
Amounts due from related parties	576	0
Total	**9,772**	**6,730**
Financial liabilities		
Trade and other payables	16,075	11,749
Amounts payable to related parties	0	0
Bank loans	122,500	73,500
Residents' loans	415,201	290,894
Total	**553,776**	**376,143**

The Group's principal financial instruments comprise loans and borrowings, residents' loans 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.

All financial instruments currently held by the Group are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost.

Prepayments are excluded from trade receivables and other assets. Employee entitlements are excluded from trade and other payables.

The carrying value of financial assets and financial liabilities are assumed to approximate their fair values.

Financial Risk Management Objectives and Policies

The Group's activities expose it to a variety of financial risks: market risk (including interest rate risk), credit risk, liquidity risk and capital risk. The exposure to interest rate risk is not considered to be material to the Group. The Group's management programme considers financial market's volatility and seeks to minimise potential adverse effects on the financial performance of the Group.

The Group uses different methods to measure the 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.

Liquidity risk

Liquidity risk is the risk that the Group may not be able to meet its financial obligations as they fall due.

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. The bank loans are drawn down from the committed bank facilities for fixed periods (typically 3 months). At the conclusion of the draw down period the loans are rolled over for a further fixed period. The maturities of the committed bank facilities are shown in note 10.

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).

In determining the fair value of the Group's investment properties, CBRE Limited and Jones Lang LaSalle Limited estimate the stabilised occupancy period for residents as shown in note 2. Based upon these historical turnover calculations the expected maturity of the total refundable obligation to refund residents is expected to be as noted in the table below.

$000	Less than 3 Months	Less than 1 Year	Between 1 and 5 Years
2017			
Trade and other payables	11,749	0	0
Bank Loans	0	0	73,500
Amounts due to related parties	0	0	0
Refundable occupation right agreements	16,901	50,704	223,289
2018			
Trade and other payables	16,075	0	0
Bank Loans	0	0	122,500
Amounts due to related parties	0	0	0
Refundable occupation right agreements	24,123	72,371	318,707

Credit risk

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

Trade receivables are assessed for impairment on an individual basis and any impairment is recognised in the income statement when it is incurred.

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.

Capital risk

Capital risk is the risk that the Group may not be able to access sufficient capital when it is required. Capital risk arises from changes in local and global market conditions and changes to government policy.

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 10.

16. SUBSIDIARY COMPANIES

Wholly Owned Subsidiaries

The following entities are wholly owned subsidiaries of the ultimate parent company, Arvida Group Limited, as at 31 March 2018:

Aria Bay Retirement Village Limited
Aria Bay Senior Living Limited
Aria Gardens Limited
Aria Park Retirement Village Limited
Aria Park Senior Living Limited
Arvida Limited
Ashwood Park Lifecare (2012) Limited
Ashwood Park Retirement Village (2012) Limited
Bainlea House (2013) Limited
Bainswood House Rest Home Limited
Bainswood Retirement Village Limited
Copper Crest Retirement Village Limited
Glenbrae Rest Home and Hospital Limited
Glenbrae Village Limited
Ilam Lifecare Limited
Ilam Senior Living Limited
Lansdowne Developments Limited
Lansdowne Park Village Limited
Lauriston Park Retirement Village Limited
Mary Doyle Healthcare Limited[1]
Mary Doyle Trust Lifecare Complex Limited[1]
Mayfair Lifecare (2008) Limited
Mayfair Retirement Village (2008) Limited
Molly Ryan Lifecare (2007) Limited
Molly Ryan Retirement Village (2007) Limited
Oakwoods Lifecare (2012) Limited
Oakwoods Retirement Village (2012) Limited
Olive Tree Apartments Limited
Olive Tree Holdings Limited
Olive Tree Village (2008) Limited
Park Lane Lifecare Limited
Park Lane Retirement Village Limited
Rhodes on Cashmere Healthcare Limited
Rhodes on Cashmere Lifecare Limited
Richmond Land Limited[2]
St Albans Lifecare Limited
St Albans Retirement Village Limited
St Allisa Rest Home (2010) Limited
Strathallan Healthcare Limited[3]
Strathallan Lifecare Village Limited[3]
The Cascades Retirement Resort Limited
The Maples Lifecare (2005) Limited
The Maples Retirement Village (2005) Limited
The Wood Retirement Village (2007) Limited
The Wood Lifecare (2007) Limited
Views Lifecare Limited
Waikanae Country Lodge Limited
Waikanae Country Lodge Village Limited
Wendover Rest Home 2006 Limited
Wendover Retirement Village 2006 Limited

1 Acquired 13 October 2017

2 Incorporated on 30 May 2017

3 Acquired 13 October 2017

Wholly owned 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 wholly owned subsidiaries included in the financial statements are from the date on which control commenced until the date control ceases.

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

All wholly owned subsidiary companies are in the business of owning, operating and developing retirement villages and care facilities for the elderly in New Zealand.

Bainlea Holdings (2006) Limited and Ilam Lifecare Holdings Limited were amalgamated into Arvida Limited on 31 August 2017. Epsom Brown Holdings Limited, Mary Doyle Holdings Limited and Strathallan Group Limited were amalgamated into Arvida Limited on 31 March 2018.

Investment in Joint Venture

The Group has a 50% interest in the joint venture companies Village at the Park Lifecare Limited and Village at the Park Care Limited (2017: nil). The joint venture companies are incorporated in New Zealand and have a balance date of 31 March. The principal activity of the joint venture companies is owning, operating and developing retirement villages and care facilities for the elderly in New Zealand.

Joint venture companies are accounted for using the equity method. Interests in joint venture companies are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income.

During the year $5.1 million (2017: nil) of share of profits arising from the joint venture, net of tax, was recognised. Of this, $4.9 million related to the change in fair value of the joint venture's investment property.

17. ACQUISITION ACCOUNTING

2018 Acquisitions

The provisional fair values of the identifiable assets and liabilities of the companies acquired during the year ended 31 March 2018 are:

- Mary Doyle Holdings Limited ("Mary Doyle") was acquired on 13 October 2017. The purchase consideration of $59.3 million was settled by way of $50.6 million cash and $8.7 million shares in Arvida Group Limited. Mary Doyle is a retirement village situated in Havelock North that provides retirement services.
- Strathallan Group Limited ("Strathallan") was acquired on 13 October 2017. The purchase consideration of $20.9 million was settled by way of $17.7 million cash and $3.2 million shares in Arvida Group Limited. Strathallan is a retirement village situated in Timaru that provides retirement services.

The companies were acquired in-line with the Company strategy of acquiring villages that are in the business of operating retirement villages and rest homes for the elderly in New Zealand. Control was obtained by acquiring 100% of the shares on issue.

Recognition and Measurement

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.

The Group acquired $5.3 million of goodwill through the business combinations. Goodwill is an intangible asset with an indefinite life.

The acquisition accounting is provisional and the Group can revise it within twelve months of the acquisition date.

The businesses acquired during the period contributed $10.4 million of revenue and $4.1 million of net profit after tax for the year to 31 March 2018. If the businesses were acquired by the Group at 1 April 2017, they could have contributed $21.4 million of revenue and $8.8 million of net profit after tax.

2017 Acquisitions

During the year new information was obtained about the events which existed at the time that The Cascades Retirement Resort Limited was acquired on 30 December 2016. The new information relates to deferred tax balances.

The following changes were made to the provisional fair values as reported at 31 March 2017: Deferred taxation increased by $0.6 million and goodwill increased by $0.6 million.

The 31 March 2017 comparative information has been restated to reflect the adjustment to the provisional amounts described above.

$000	Mary Doyle	Strathallan	Total
Assets			
Cash and cash equivalents	2,040	922	2,962
Trade receivables and other assets	1,275	351	1,626
Property, plant and equipment	12,769	7,439	20,208
Investment properties	115,453	38,838	154,291
Resident advances	0	84	84
Total assets	131,537	47,634	179,171
Liabilities			
Trade and other payables	1,635	957	2,592
Employee entitlements	675	682	1,357
Revenue in advance	3,723	1,194	4,917
Interest bearing loans and borrowings	17,500	7,000	24,500
Residents' loans	65,435	23,444	88,879
Deferred tax liabilities	3,321	3,221	6,542
Total liabilities	92,289	36,498	128,787
Total identifiable net assets at fair value	39,248	11,136	50,384
Goodwill arising on acquisition	2,493	2,803	5,296
Purchase consideration transferred	41,741	13,939	55,680

18. RELATED PARTY TRANSACTIONS

Key Management Personnel Compensation

Key management personnel compensation for the year ended 31 March 2018 and the year ended 31 March 2017 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	2018	2017
Salaries and other short term benefits	2,449	2,213
Share based payments	313	221
Termination benefits	0	0
Total	**2,762**	**2,434**

Identity of Related Parties

The Board of Directors at 31 March 2018, comprising Peter Wilson, Michael Ambrose, Anthony Beverley, Susan Paterson and Paul Ridley-Smith.

Executives of the Group, including, but not limited to, William McDonald and Jeremy Nicoll.

Rodgers & Co., an accounting service provider associated with Michael Ambrose, were paid $9,336 during the year ended 31 March 2018 for accounting services (2017: $3,237).

Joint Venture, during the year $0.2 million (2017: $nil) was received as management and director fees from the joint venture companies, Village at the Park Care Limited and Village at the Park Liefcare Limited.

19. CONTINGENT LIABILITIES

At balance date there are no known contingent liabilities (2017: nil).

20. FEES PAID TO AUDITORS

$000	2018	2017
Fees paid to group auditor - Ernst & Young		
Audit	383	354
Other non-assurance		
Tax compliance and advisory	48	62
Total	**431**	**416**

21. SUBSEQUENT EVENTS

On 20 April 2018, 209,315 shares were issued to senior employees pursuant to the equity based share rights scheme.

On 28 May 2018, the directors approved a dividend of 1.56 cents per share amounting to $6.5 million. The dividend is partially imputed at 0.30 cents per share. A supplementary dividend of 0.14 cents per share will be paid to non-resident shareholders. The dividend record date is 13 June 2018 and payment is due to be made on 21 June 2018.

22. CAPITAL COMMITMENTS

As at 31 March 2018, the Group had $22.0 million of capital commitments in relation to construction contracts (2017: $31.7 million).

23. EMPLOYEE SHARE PLAN

The Group operates an equity based share rights scheme for selected senior employees. If the unlisted performance share rights vest, ordinary shares will be issued to the employees at or around the vesting date. The issue price of the shares was determined by reference to the 20 trading day volume weighted average price of shares traded on the NZX immediately prior to the commencement date of the share rights performance period.

Performance goals are measured for the total shareholder return hurdles, for the period from the commencement date to the vesting date. Details of the vesting hurdles can be found in the Remuneration section of this report.

The share rights scheme is an equity settled scheme and is measured at fair value at the date of the grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed over the vesting period, based on the Group's estimate that the share will vest. A simulation-based approach was used to complete the valuation model. For the purposes of the simulation, it is assumed that share returns are normally distributed. The option cost for the year ending 31 March 2018 of $0.3 million has been recognised in the Group's statement of comprehensive income for that period (2017: $0.2 million).

Details of the unlisted performance share rights scheme are:

2017

Commencement date	1 April 2015	1 April 2015	1 April 2015	1 April 2015	1 April 2016
Issue price	$ 0.95	$ 0.95	$ 0.95	$ 0.95	$ 0.93
% of shares vested	0%	0%	0%	0%	0%
Vesting date	31 March 2018	31 March 2019	31 March 2020	31 March 2021	31 March 2019
Unlisted performance share rights	304,170	630,042	630,042	630,042	356,912
Volatility assumption	17%	17%	17%	17%	17%

2018

Commencement date	1 April 2015	1 April 2015	1 April 2015	1 April 2015	1 April 2016	1 April 2017
Issue price	$ 0.95	$ 0.95	$ 0.95	$ 0.95	$ 0.93	$ 1.33
% of shares vested	0%	0%	0%	0%	0%	0%
Vesting date	31 March 2018	31 March 2019	31 March 2020	31 March 2021	31 March 2019	31 March 2020
Unlisted performance share rights	304,170	630,042	630,042	630,042	356,912	340,334
Volatility assumption	17%	17%	17%	17%	17%	17%

Independent auditor's report to the Shareholders of Arvida Group Limited
Report on the audit of the financial statements

Opinion

We have audited the consolidated financial statements of Arvida Group Limited and its subsidiaries ("the Group"), on pages 32 to 57, which comprise the consolidated balance sheet of the group as at 31 March 2018, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended of the Group, and notes to the consolidated financial statements including a summary of significant accounting policies.

In our opinion, the consolidated financial statements on pages 32 to 57 present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2018 and its consolidated financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards (IFRS).

This report is made solely to the company's shareholders, as a body. 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.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the Group in accordance with Professional and Ethical Standard 1 (revised) *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Ernst & Young has provided taxation compliance and advisory services to the Group. We have no other relationship with, or interest in, Arvida Group Limited or any of its subsidiaries. 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of the audit report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of the audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Valuation of investment properties

Why significant?	How our audit addressed the key audit matter
The Group's investment properties comprise a portfolio of retirement villages and development land ("villages") in New Zealand and at $806m, account for 71% of total Group assets at 31 March 2018. Investment properties are carried at fair value. The Group engages an independent registered valuer to determine the fair value of investment properties at balance date. The fair value as determined by the independent valuer is adjusted for assets and liabilities already recognised in the balance sheet. These valuations require the use of judgment specific to the properties. Significant underlying assumptions used in the valuation are subjective and are not observable through available market information. These assumptions are discount rate, house price inflation, the average entry age of residents and the occupancy periods of the units for each village. The valuation approach and significant assumptions are described in Note 6 *'Investment Property'* to the consolidated financial statements.	Our approach to the audit of the valuation of Investment Property focused on the following procedures. We: • assessed the competence, qualifications, independence and objectivity of the independent valuer; • involved our real estate valuation specialists to assist us in analysing and challenging the valuations for a sample of villages and evaluating the underlying assumptions across the portfolio of valuations against the market based evidence available; • considered and discussed the valuation reports with the independent valuer; • tested on a sample basis across all villages, specific information relating to core data including sales, unsold stock and occupancy data supplied to the independent valuer by the Group to the underlying records held by the Group; • assessed the significant input assumptions applied for reasonableness compared to previous periods assumptions, the changing state of the village sites and other market changes; • assessed the valuation outcomes for each property to the rest of the portfolio and market information made available by the independent valuer; • considered the impact of new development work and the completeness of the assets included in the valuation; and • assessed the adequacy of the related financial statement disclosures.

Care Facility Valuation

Why significant?	How our audit addressed the key audit matter
The land and buildings associated with the Group's care facilities are classified as Property, Plant & Equipment and are recorded at fair value of $157m, which accounts for 14% of total Group assets at 31 March 2018. The Group, engages an independent registered valuer to determine the fair value of care facilities every two years, or more frequently to ensure that their carrying amount does not materially differ from fair value. These valuations require the use of judgement specific to the care facilities. Significant underlying assumptions used in the valuation are subjective and are not observable through available market information. These assumptions are capitalisation rates and market value per care bed. The valuation approach and significant assumptions are described in Note 7 *'Property, Plant and Equipment'* to the consolidated financial statements.	Our approach to the audit of the valuation of Care Facilities focused on the following procedures. We: • assessed the competence, qualifications, independence and objectivity of the independent valuer; • involved our real estate valuation specialists to assist us in analysing and challenging the valuations for a sample of care facilities and evaluating the underlying assumptions across the portfolio of valuations against the market based evidence available; • considered and discussed the valuation reports with the independent valuer; • assessed the valuation outcomes for each property as compared to the rest of the portfolio and market information made available by the independent valuer; • assessed the reasonableness of key assumptions including capitalisation rates and market value per care bed; and • evaluated the related financial statement disclosures.

Deferred management fee revenue recognition

Why significant?	How our audit addressed the key audit matter
Deferred management fee ("DMF") revenue is 14% of the Group total revenue. The Group recognises deferred management fee revenue from residents over the period of service, being the greater of the expected period of tenure or the contractual right to the revenue. The amount of revenue recognised in each year is subject to the Group's judgment of the average expected period of tenure in the village, the terms of the occupation right agreement and the type of unit occupied. Recognition of the DMF revenue and associated liabilities and assets are therefore potentially subject to bias and error given the tenure assumptions, varying contract terms across the Group and complexity in the calculation. Refer to Note 2 *'Income'*.	Our approach to the audit of Deferred management fee revenue recognition focused on the following procedures. We: • assessed the accuracy of the inputs to, and calculation of, deferred management fee revenue recognised; • agreed the contractual terms of a sample of residents used in the revenue recognition calculation to the occupation right agreement; and • compared the year on year movements in revenue recognised relating to each village and unit type based on an expectation derived from the nature of the village occupation right agreements.

Acquisition accounting

Why significant?	How our audit addressed the key audit matter
The Group completed a number of acquisitions during the year ended 31 March 2018. The identification and valuation of the acquired tangible and intangible assets (including goodwill) and liabilities have a material impact on the consolidated financial statements. Refer Note 17 *'Acquisition accounting'*.	Our approach to the audit of the acquisition accounting focused on the following procedures. We: • obtained the Group's preliminary purchase price allocations. Our testing of the purchase price allocations included evaluating the process applied to identify and value tangible and intangible assets (including goodwill) and liabilities on acquisition (including deferred tax and any contingent liabilities); • agreed key items back to underlying data and independent valuation reports used by the Group to determine the fair value of investment property and care facility land and buildings; • read the Share Purchase Agreements, checking the acquisition accounting reflected the facts and circumstances within the agreements; • agreed the consideration paid and acquisition costs to external evidence; and • assessed the adequacy of the related financial statement disclosures.

Information Other than the Financial Statements and Auditor's Report

The Directors of the company are responsible for the Annual Report, which includes information other than the consolidated financial statements and the auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' Responsibilities for the Financial Statements

The Directors are responsible on behalf of the entity for the preparation and fair presentation of the consolidated financial statements in accordance with New Zealand equivalents to International Financial Reporting Standards and International Financial Reporting Standards, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing on behalf of the entity the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (New Zealand) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of the auditor's responsibility for the audit of the financial statements is located at External Reporting Board's website: https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-1/. This description forms part of our auditor's report.

The engagement partner on the audit resulting in this independent auditor's report is Brent Penrose.

Ernst + Young

Auckland
28 May 2018

ARVIDA GROUP LIMITED

GOVERNANCE

Arvida is committed to following best practice governance structures and principles. To maintain this standard, the Company is implementing a framework of structures, practices and processes that it considers reflect best practice.

The framework has been guided by the recommendations set out in the NZX Corporate Governance Code (NZX Code) issued in May 2017 and the requirements set out in the NZX Listing Rules. The Company reviewed its corporate governance policies and procedures, and its board and committee charters during the year demonstrating its commitment to the fundamental principles set out in the NZX Code. Each principle of the NZX Code is provided below with an explanation on how the Company meets the principle.

As at 31 March 2018, Arvida was in full compliance with the NZX Code.

Arvida's corporate governance policies and procedures, and its board and committee charters have been approved by the board and are available to view at www.arvida.co.nz/For-Investors/Governance.

PRINCIPLE 1: CODE OF ETHICAL BEHAVIOUR

> **"Directors should set high standards of ethical behaviour, model this behaviour and hold management accountable for these standards being followed throughout the organisation."**

Code of Ethics and Related Policies

Recommendation 1.1: *The Board should document minimum standards of ethical behaviour to which the issuer's Directors and employees are expected to adhere (a code of ethics) and comply with the other requirements of Recommendation 1.1 of the NZX Code.*

The Board sets and maintains high standards of ethical conduct and expects the Company's Directors and employees to act legally and with integrity in a manner consistent with the policies, guiding principles and values that are in place.

The Company's Code of Ethics sets out the standards of conduct expected of Directors (including members of committees) and employees (including contractors and consultants). The purpose of the Code is to underpin and support the values that govern individual and collective behaviour. It covers a wide range of areas including the following: standards of behaviour; conflicts of interest; proper use of company information and assets; gifts; compliance with laws and policies; reporting concerns; and corporate opportunities.

Training on ethical conduct is included as part of the induction process for new Directors and employees and forms a part of an employment handbook provided to employees.

The Code requires Directors and employees to report breaches of the Code and sets out the procedure for doing so in accordance with the Company's Whistle Blowing Policy.

The Code is subject to annual review by the Board.

Trading in Company Securities Policy

Recommendation 1.2: *An issuer should have a financial product dealing policy which applies to employees and Directors.*

In accordance with the Company's Financial Products Trading Policy, the NZX Listing Rules, and the Financial Markets Conduct Act 2013, Directors and employees of the Company are subject to limitations on their ability to buy or sell Company shares.

The Policy sets out restrictions on the ability of Directors and employees to buy or sell financial products. In particular:

- Restricted Persons may not buy or sell Company shares in specified "blackout" periods that are set out in the Policy (these periods commence prior to the release of financial results to the market or the release of other material information).
- outside of a blackout period, Restricted Persons must obtain consent to buy or sell Company shares and should not engage in short term trading.

Directors are encouraged to own shares in the Company 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 shares. The Directors' shareholdings and changes to those shareholdings are included in the Disclosures section of this Annual Report.

Training on the Policy is included as part of the induction process for new Directors and included in the employee handbook distributed to employees.

PRINCIPLE 2: BOARD COMPOSITION AND PERFORMANCE

> **"To ensure an effective board, there should be a balance of independence, skills, knowledge, experience and perspectives."**

The Board is comprised of five Directors with a mix of qualifications, skills and experience appropriate to Arvida's business. The Board schedules a minimum of eight meetings each year.

Board Charter

Recommendation 2.1: *The Board of an issuer should operate under a written charter which sets out the roles and responsibilities of the Board. The Board charter should clearly distinguish and disclose the respective roles and responsibilities of the Board and management.*

The Board has adopted a formal Board Charter that is available to view at www.arvida.co.nz/For-Investors/Governance and details its authority, responsibilities, membership and operation.

The key responsibilities of the Board include establishing the Company's objectives, the major strategies for achieving these objectives, the overall policy framework within which business is conducted and monitors the senior leadership team's performance with respect to these matters. 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 the Company 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.

A summary of the Board Charter includes:

- At least one-third of the total number of Directors should be Independent as defined in the NZX Listing Rules.
- The Chair of the Board should be an Independent Director.
- The Chair and the Chief Executive Officer should be different people.
- Directors should possess a broad range of skills, qualifications and experience, and remain current on how best to perform their duties as Directors.
- Information of sufficient content, quality and timeliness as the Board considers necessary shall be provided by management to allow the Board to discharge its duties effectively.
- The effectiveness and performance of the Board and its individual members should be re-evaluated on an annual basis.

The Board's focus is on the creation of long term shareholder wealth and ensuring the Company 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 delegates to the Chief Executive Officer responsibility for implementing the Board's strategy and for managing the Company's operations. The Chief Executive Officer has Board-approved levels of authority and, in turn, sub-delegates authority in some cases to direct reports and has established a formal process for direct reports to sub-delegate certain authorities as appropriate. This is documented in the Delegated Authority Policy.

All Directors have access to the senior leadership team to discuss issues or obtain further information on specific areas. Key executives and managers are invited to attend and participate in appropriate sessions at Board meetings to provide additional insight into the items being discussed. With the Chair's prior approval, Directors are entitled to obtain external independent expert advice.

Nomination and Appointment of Directors

Recommendation 2.2 and 2.3: *Every issuer should have a procedure for the nomination and appointment of Directors to the Board. An issuer should enter into written agreements with each newly appointed Director establishing the terms of their appointment.*

In accordance with the Company's Constitution and the NZX Listing Rules, one third of the Directors are required to retire by rotation and may offer themselves for re-election by Shareholders each year. Procedures for the appointment and removal of Directors are also governed by the Constitution.

The Board's policy is that the Board needs to have an appropriate mix of skills, professional experience and diversity to ensure that it is well equipped to fulfil its responsibilities. The Board reviews and evaluates on a regular basis the skill mix required, and identifies any existing gaps. The current mix of skills and experience is considered appropriate for the responsibilities and requirements of governing the Company.

The NZX Listing Rules require that a minimum one third of the Directors are Independent Directors.

As at 31 March 2018, Peter Wilson (Chair), Anthony Beverley, Susan Paterson and Paul Ridley-Smith are determined to be Independent Directors. The Board has determined that Michael Ambrose is a non-Independent Director due to being an accounting and financial advisor to other sector participants and several of the acquired villages through his continuing role at Rodgers & Co. Accordingly, the Board currently comprises a majority of 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 the Company.

All Directors have agreements that set out the terms and conditions of their appointment.

Director Particulars

Recommendation 2.4: *Every issuer should disclose information about each Director in its Annual Report or on its website, including a profile of experience, length of service, independence and ownership interests.*

Information on each Director, including their interests, qualifications and security holdings, is provided in the Directors' Profiles and Disclosures sections of this Annual Report. A profile of each Director is available to view at www.arvida.co.nz/For-Investors/Directors.

Diversity

Recommendation 2.5: *An issuer should have a written Diversity Policy which includes requirements for the Board or a relevant committee of the Board to set measurable objectives for achieving diversity (which, at a minimum, should address gender diversity) and to assess annually both the objectives and the entity's progress in achieving them. The issuer should disclose the policy or a summary of it.*

The Company and its Board believe that having a team of individuals with different backgrounds, views, experiences and capabilities working together makes the business stronger, vibrant and better as an organisation. The Company is committed to retaining and recruiting people who are passionate about the Company's customers and have a range of skills, experiences and frames of reference to drive innovation and to help the Company to achieve its vision.

The Company has adopted a formal Diversity and Inclusion Policy which is available to view at www.arvida.co.nz/For-Investors/Governance.

Each year the Board will review performance of the Policy against agreed annual objectives. The objectives of the policy in place during the current financial year were to report on gender representation at the Board and senior leadership level (Officers as defined in the NZX Listing Rules).

As at 31 March 2018, the gender mix of Directors and Officers is set out below:

	Gender	2018	2017
Directors	Male	4	4
	Female	1	1
	Total	**5**	**5**
Officers	Male	5	5
	Female	4	4
	Total	**9**	**9**
Village Managers	Male	8	8
	Female	18	18
	Total	**26**	**26**

The Board reviewed the Diversity and Inclusion Policy in March 2018, and the objectives of the current policy are to:

- Work towards improving the gender diversity with overall gender balance in Directors, the senior leadership team and village management.
- Ensure diversity of thought is valued and encouraged.
- Ensure fair evaluation of employee performance and equitable remuneration decisions with gender pay equity for equivalent roles in the organisation.
- Ensure employees are treated fairly and with respect.

The Company is developing internal systems and processes to allow regular and efficient monitoring of Policy objectives.

Director Training

Recommendation 2.6: *Directors should undertake appropriate training to remain current on how to best perform their duties as Directors of an issuer.*

The Board seeks to ensure that new Directors are appropriately introduced to the senior leadership team and the Arvida business, that all Directors are acquainted with relevant industry knowledge and economics and that they receive a copy of the Charters of the Board and Committees and the key governance documents.

It is expected that all Directors continuously educate themselves to ensure they have appropriate expertise and can effectively perform their duties. In addition, visits to the Company's operations, briefings from the senior leadership team and industry experts or key advisers to the Company, and educational and stakeholder visits, briefings or meetings are arranged for the Board.

Evaluation of Performance of Directors

Recommendation 2.7: *The Board should have a procedure to regularly assess Director, Board and committee performance.*

The Chair undertakes an annual review of the individual performance of Directors. The Board also reviews its performance as a whole and the performance of its Committees on an annual basis.

Every two years, a review of Board performance is undertaken by an external consultant. Propero Consulting Limited last conducted a review of the Board in May 2017. This provided useful and positive feedback to the Board and senior management on the governance of the business.

Separation of Board Chair and CEO

Recommendation 2.8: *The Chair and the CEO should be different people.*

The Board Charter requires the Board Chair to be an Independent Director, and not be the same person as the Chief Executive Officer or the Chair of the Audit and Risk Committee.

PRINCIPLE 3: BOARD COMMITTEES

"The board should use committees where this will enhance its effectiveness in key areas, while still retaining board responsibility."

Overview of Board Committees

The Board has two formally constituted committees to assist in the execution of the Board's duties, being the Audit and Risk Committee and the Remuneration Committee. Each Committee operates under a written charter that sets out its mandate.

The table below sets out attendance at Board and Committee meetings for all respective Directors during the financial year ended 31 March 2018. Directors also met regularly over the course of the year to discuss other important matters such as potential acquisitions. Outside of the Board and Committee meetings, the Board or a subcommittee held an additional 14 formal meetings in person or by way of conference calls during the year.

Meeting Attendance	Board	Audit and Risk Committee	Remuneration Committee
Peter Wilson	10	-	-
Michael Ambrose	10	4	-
Anthony Beverley	10	4	3
Susan Paterson	9	-	3
Paul Ridley-Smith	10	4	3
Total meetings held	**10**	**4**	**3**

Audit Committee

Recommendation 3.1: *An issuer's audit committee should operate under a written charter. Membership on the audit committee should be majority independent and comprise solely of non-executive directors of the issuer. The chair of the audit committee should not also be the chair of the board.*

The primary functions of the Audit and Risk Committee are:

- To co-ordinate the audit 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 disclosures and accounting affairs.
- To keep under review the effectiveness of the Company's procedures for the identification, assessment and reporting of material risks.

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

The Audit and Risk Committee Charter provides for the composition, responsibilities, procedures and reporting duties of the Audit Committee and governs how the members of the Audit Committee discharge their obligations. The Audit and Risk Committee Charter is reviewed annually by the Board.

Recommendation 3.2: *Employees should only attend Audit Committee meetings at the invitation of the Audit Committee.*

The Audit and Risk Committee generally invites the Chief Executive Officer, Chief Financial Officer, General Manager Finance and external auditors to attend meetings. The Committee also meets and receives regular reports from the external auditors without management present, concerning any matters that arise in connection with the performance of their role.

Remuneration Committee

Recommendation 3.3: *An issuer should have a Remuneration Committee which operates under a written charter (unless this is carried out by the whole Board). At least a majority of the Remuneration Committee should be independent Directors. Management should only attend Remuneration Committee meetings at the invitation of the Remuneration Committee.*

The role of the Remuneration Committee is to assist the Board in establishing and reviewing remuneration policies and practices for the Company. Specific responsibilities include:

- To set and review the Company's remuneration policies and practices.
- 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.
- Conducting an annual review of the CEO's performance against his or her performance agreement and employment contract and ensuring appropriate performance agreements are in place.
- Reviewing succession planning and recruitment, retention and termination policies for the CEO and the senior leadership team.

The Remuneration Committee must be comprised of a minimum of three Directors comprising a majority of Independent Directors. The current members of the Committee are Paul Ridley-Smith (chair), Anthony Beverley and Susan Paterson.

The Remuneration Committee Charter provides for the composition responsibilities, procedures and reporting duties of the Remuneration Committee and governs how the members of the Remuneration Committee discharge their obligations. The Remuneration Committee Charter is reviewed annually by the Board.

Nomination Committee

Recommendation 3.4: *An issuer should establish a Nomination Committee to recommend Director appointments to the Board (unless this is carried out by the whole Board), which should operate under a written charter. At least a majority of the Nomination Committee should be independent Directors.*

The Board has decided not to have a separate Nomination Committee as Director appointments are considered by the Board as a whole. The procedure for the nomination and appointment of Directors is included in the Board Charter and summarised in Principle 2.

Other Committees

Recommendation 3.5: *An issuer should consider whether it is appropriate to have any other board committees as standing board committees. All committees should operate under written charters. An issuer should identify the members of each of its committees, and periodically report member attendance.*

During 2017, a Due Diligence Committee of the Board was established to oversee the acquisition of Strathallan, Mary Doyle and 50% of Village at the Park by the Company and contemporaneous capital raising.

The Due Diligence Committee comprised of Paul Ridley-Smith (chair) and Peter Wilson. On completion of the acquisition and capital raising, the Due Diligence Committee was disbanded.

Takeover Protocols

Recommendation 3.6: *The Board should establish appropriate protocols that set out the procedure to be followed if there is a takeover offer for the issuer (amongst other matters).*

The Company's Takeover Protocol sets out the procedure to be followed in the event that a takeover offer is made or scheme of arrangement proposed.

PRINCIPLE 4: REPORTING AND DISCLOSURE

"The board should demand integrity in financial and non-financial reporting and in the timeliness and balance of corporate disclosures."

Continuous Disclosure

Recommendation 4.1: *An issuer's Board should have a written Continuous Disclosure Policy*.

The Company is committed to promoting Shareholder confidence through open, timely, accurate 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 compliance with its disclosure obligations under 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.

The Company's Market Disclosure Policy sets out the disclosure and communication responsibilities and procedures for managing this obligation.

Charters and Policies

Recommendation 4.2: *An issuer should make its code of ethics, Board and committee charters and the policies recommended in the NZX Code, together with any other key governance documents, available on its website.*

Copies of key governance documents, including the Code of Ethics, Financial Product Trading Policy, Board and Committee Charters, Diversity and Inclusion Policy, Audit Independence Policy, Market Disclosure Policy, Whistle Blowing Policy and Risk Management Policy are all available on the Company's website at www.arvida.co.nz/For-Investors/Governance.

Financial Reporting

Recommendation 4.3: *Financial reporting should be balanced, clear and objective.*

The Company is committed to ensuring integrity and timeliness in its financial reporting and in providing information to the market and shareholders which reflects a considered view on its present and future prospects.

The Audit and Risk Committee oversees the quality and integrity of external financial reporting, including the accuracy, completeness, balance and timeliness of financial statements. It reviews the Company's full and half-year financial statements and makes recommendations to the Board concerning accounting policies, areas of judgement, compliance with accounting standards, stock exchange and legal requirements and the results of the external audit.

All matters required to be addressed and for which the Committee has responsibility were addressed during the reporting period.

The Company has published Annual and Interim Reports that contained its full and half-year financial statements that were prepared in accordance with relevant financial standards.

Non-Financial Reporting – Sustainability

Recommendation 4.3: *An issuer should provide non-financial disclosure at least annually, including considering material exposure to environmental, economic and social sustainability risks and other key risks. It should explain how it plans to manage those risks and how operational or non-financial targets are measured.*

The Company is in the early stages of reporting on non-financial information, and intends to provide additional disclosure in this area in future reports. At this time, the Company does not have a formal environmental, social and governance (ESG) reporting framework. However it is in development and will be progressed for the 2019 financial statements.

Some non-financial disclosures, such as the Company's approach to sustainable development, social wellbeing and health and safety, are included within this Annual Report.

PRINCIPLE 5: REMUNERATION

"The remuneration of directors and executives should be transparent, fair and reasonable."

Directors' Remuneration

Recommendation 5.1: *An issuer should recommend Director remuneration to shareholders for approval in a transparent manner. Actual Director remuneration should be clearly disclosed in the issuer's annual report.*

Remuneration of Directors is reviewed by the Remuneration Committee. Its membership and role are set out under Principle 3 above. The level of remuneration paid to the Directors is determined by the Board within the limits approved by the Shareholders of the Company.

During the last financial year, advice was taken from the Institute of Directors on the structure and level of fees paid to Directors. Based on that advice, shareholder approval was obtained at the 2017 Annual Meeting to a revised allocation of Director remuneration.

Further details on Director remuneration are provided in the Remuneration section of this Annual Report.

Remuneration Policy

Recommendation 5.2: *An issuer should have a Remuneration Policy for remuneration of Directors and officers, which outlines the relative weightings of remuneration components and relevant performance criteria.*

The Company is committed to applying fair and equitable remuneration and reward practices in the workplace, taking into account internal and external relativity, the commercial environment and the ability to achieve business objectives. As set out under Principle 3 above, the Remuneration Committee makes recommendations to the Board on remuneration packages, keeping in mind the requirements of the Company's Remuneration Policy.

Under the Company's remuneration framework, remuneration for the senior leadership team and senior managers includes a mix of fixed and variable components. Individual performance and market relativity are key considerations in all remuneration based decisions, balanced by the organisational context.

Further details on remuneration are provided in the Remuneration section of this Annual Report.

Chief Executive Officer Remuneration

Recommendation 5.3: *An issuer should disclose the remuneration arrangements in place for the CEO in its Annual Report. This should include disclosure of the base salary, short term incentives and long term incentives and the performance criteria used to determine performance based payments.*

Further details on the CEO's remuneration are provided in the Remuneration section of this Annual Report. In addition to the remuneration information of the CEO, the Company discloses the CFO's remuneration in the Remuneration section of the Annual Report.

PRINCIPLE 6: RISK MANAGEMENT

"Directors should have a sound understanding of the material risks faced by the issuer and how to manage them. The Board should regularly verify that the issuer has appropriate processes that identify and manage potential and material risks."

Risk Management

Recommendation 6.1: *An issuer should have a risk management framework for its business and the issuer's Board should receive and review regular reports. A framework should also be put in place to manage any existing risks and to report the material risks facing the business and how these are being managed.*

The Company has a risk management framework for identifying, overseeing, managing and controlling risk. The identification and effective management of risks are a priority of the Board and the Audit and Risk Committee.

The processes involved are set out in the Company's Risk Management Policy and require the maintenance of a risk register that identifies key business risks and initiatives deployed to manage and mitigate those risks. The Board has responsibility for the oversight of the risk management. The Company, through the Board, Audit and Risk Committee and senior management team, continually monitors and, where necessary, updates the operation and implementation of the risk management system to ensure that the Company continues to have an appropriate and effective system in place to manage material business risks.

The Company's Risk Management Policy is available to view at www.arvida.co.nz/For-Investors/Governance.

Health and Safety

Recommendation 6.2: *An issuer should disclose how it manages its health and safety risks and should report on their health and safety risks, performance and management*

The Company's health and safety objectives are met by:

- Documenting overarching performance standards with measurable indicators in a Health and Safety Management Plan. The Plan identifies health and safety risks and details how these risks are to be managed. It is continuously monitored and formally reviewed every two years.
- Documenting health and safety policies and communicating these to all employees.
- Monitoring, analysing and evaluating health and safety processes and performance data to identify areas of improvement and acting on any improvements identified.
- Monitoring and annually appraising the health and safety performance of senior managers and employees.

Detailed monthly reports are produced for the Board covering Health and Safety incidents, injury rates by severity, local site Health and Safety committee meetings and key initiatives undertaken.

PRINCIPLE 7: AUDITORS

> **"The board should ensure the quality and independence of the external audit process."**

Relationship with Auditor

Recommendation 7.1 and 7.2: *The Board should establish a framework for the issuer's relationship with its external auditor. This should include the procedures prescribed in the NZX Code. The external auditor should attend the issuer's annual meeting to answer questions from shareholders in relation to the audit.*

Oversight of 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. A formal policy on audit independence has been adopted by the Committee to meet this requirement.

The Audit Independence Policy covers the following areas:

- Provision of related assurance services by the external auditors.
- Auditor rotation.
- Relationships between the auditor and the Company.
- 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 judgement on all issues encompassed within the auditor's engagement. The external auditor (Ernst & Young) attends the Company's Annual Meeting and is available to answer questions from Shareholders in relation to the external audit.

Internal Audit Functions

Recommendation 7.3: *Internal audit functions should be disclosed.*

The Company does not have an internal audit function. The Board is confident the key risks of the business are being adequately managed and the internal control framework is operating effectively.

PRINCIPLE 8: SHAREHOLDER RIGHTS AND RELATIONS

> **"The board should respect the rights of shareholders and foster constructive relationships with shareholders that encourage them to engage with the issuer."**

Information for Shareholders

Recommendation 8.1: *An issuer should have a website where investors and interested stakeholders can access financial and operational information and key corporate governance information about the issuer.*

A comprehensive set of information regarding the Company's operations and results is made available on the Company's website including annual and half-year financial reports, investor presentations, investor newsletters, notice of meetings and market releases. The Company's corporate governance charters and policies, profiles of directors and senior management and key calendar dates are also made available on the website.

Communicating with Shareholders

Recommendation 8.2: *An issuer should allow investors the ability to easily communicate with the issuer, including providing the option to receive communications from the issuer electronically.*

The Company provides options for shareholders to receive and send communications electronically, to and from both the Company and its share registrar. The Company's website also contains an investor centre section for establishing electronic shareholder communications.

All market releases carry contact details for the Chief Executive Officer and Chief Financial Officer for communications from shareholders. The Company responds to all shareholder communications within a reasonable timeframe. An investor relations programme is also maintained by the Company to encourage engagement with investors.

Shareholder Voting Rights

Recommendation 8.3 and 8.4: *Shareholders should have the right to vote on major decisions which may change the nature of the company in which they are invested in. Each person who invests money in a company should have one vote per share of the company they own equally with other shareholders.*

The regulatory safeguards built into the NZX Listing Rules, the Companies Act 1993 and the Company's constitution operate to preserve shareholders' entitlement to vote on major decisions impacting the Company.

The Company conducts voting at its Annual Meeting by a poll of shareholders, where each person voting at the meeting and each Shareholder who casts a vote by proxy, has one vote for each share held.

Notice of Annual Meeting

Recommendation 8.5: *The Board should ensure that the annual shareholders notice of meeting is posted on the issuer's website as soon as possible and at least 28 days prior to the meeting.*

The Company encourages shareholder participation in Annual Meetings, including alternating the venue of the Annual Meeting between North and South Islands. The Board aims to ensure that all relevant information is provided to shareholders for consideration with sufficient notice in advance of the Annual Meeting (and at least 28 days prior to the Annual Meeting, including by posting the notice of annual meeting on the Company's website).

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REMUNERATION

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 the Company.

Directors' fees are reviewed from time to time. The total pool of fees available to be paid to Directors is subject to shareholder approval. The current pool for non-executive directors' fees and board committee responsibilities was fixed at the 2016 Annual Meeting of Shareholders at $500,000 per annum. Current annualised Directors' fees are $498,000, inclusive of additional remuneration for committee Chairs.

As at 31 March 2018, the standard Director fees per annum are as follows:

	Position	Fees
Board of Directors	Chair	$150,000
	Member	$82,000
Audit and Risk Committee	Chair	$12,000
Remuneration Committee	Chair	$8,000

These allocations were approved by shareholder resolution at the 2017 Annual Meeting of Shareholders. The Board had sought external advice from The Institute of Directors on the levels of director remuneration. No additional fees are paid to committee members or Directors. Total remuneration paid to Directors during the financial year ended 31 March 2018 is set out in the table below.

Director[1]	Board Fees	Audit and Risk Committee	Remuneration Committee	Other Committee	Total Remuneration
Peter Wilson	$138,125 (chair)	-	-	-	$138,125
Michael Ambrose	$78,156	$1,538	-	-	$79,694
Anthony Beverley	$78,156	$12,075 (chair)	$1,025	-	$91,256
Susan Paterson	$78,156	-	$1,025	-	$79,181
Paul Ridley-Smith	$78,156	$1,538	$8,050 (chair)	-	$87,744

1 Remuneration paid excludes GST and expenses and represents a combination of the former fee rates and increased rates that applied from July 2017 in accordance with the shareholder resolution approved 7 July 2017. 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.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

Directors and Officers also have the benefit of Directors' and Officers' liability insurance. As provided for under its Constitution and in accordance with Section 162 of the Companies Act 1993, the Company arranged to indemnify all the Directors and 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 certain breaches of the law. During the financial year, the Company paid premiums in relation to policies of Directors' and Officers' liability insurance.

EXECUTIVE REMUNERATION

The remuneration of the executive team is designed to promote a high-performance culture and to align rewards to the achievement of strategies and business objectives to create sustainable value for shareholders.

The Company's remuneration policy for members of the executive team provides the opportunity for them to receive, where performance merits, a total remuneration package in the median quartile for equivalent market-matched roles. The Remuneration Committee reviews the annual performance appraisal outcomes for all Executive Team members, including the Chief Executive Officer. The review takes into account external benchmarking to ensure competitiveness with comparable market peers, along with consideration of an individual's performance, skills, expertise and experience.

Total remuneration is made up of three components:

- Fixed remuneration;
- Short-term performance-based cash remuneration; and
- Long-term performance-based equity remuneration.

Fixed Remuneration

Fixed remuneration consists of base salary and benefits. The Company's policy is to pay fixed remuneration with reference to the fixed pay market median.

Short-Term Incentives

Short-term incentives (STIs) are at-risk payments designed to motivate and reward for performance, in that financial year. The target value of a STI payment is set annually, usually as a percentage of the executive's base salary. For 2018, the relevant percentages were 20% to 33%. A proportion (usually around 50%) of the STI is related to achievement of annual performance metrics which aim to align executives to a shared set of key performance indicators (KPIs) based on business priorities for the next 12 months.

Target areas for the shared KPIs for 2018 are outlined below:

Target	Weighting
Health and safety compliance and culture	18%
Expense management against budget	18%
Aged Care facility occupancy against national average +5%	18%
Gains on sales against budget	18%
Resident wellbeing measured through clinical systems and culture	14%
Resident satisfaction measured by an NPS survey	14%

The maximum amount of a STI payment for an executive team member is 125% of the STI on-target amount for that Executive Team member. The balance of the STI is related to individual performance measures.

Long-Term Incentives

Long-term incentives (LTIs) are at-risk payments through a share plan, designed to align the reward of executive team members with the enhancement of shareholder value over a multi-year period. Under the LTI, executive team members are granted non-listed performance rights in Arvida Group Limited.

An LTI plan commenced on 1 April 2015, after the Company listed on the NZX Main Board. Vesting of shares is contingent on achievement of performance goals in relation to Total Shareholder Return hurdles from the commencement date to vesting date.

CHIEF EXECUTIVE OFFICER REMUNERATION

The remuneration of the Chief Executive Officer comprises of Fixed Remuneration and Pay for Performance. Fixed Remuneration includes a base salary only. Pay for Performance includes both Short Term Incentives (STI) and Long Term Incentives (LTI).

Remuneration for the financial years ended 31 March 2016 to 2018

	Fixed Remuneration			Pay for Performance			
	Salary	Other benefits[1]	Subtotal	STI[2]	LTI[3,4]	Subtotal	Total
FY2018	$405,466	-	$405,466	$120,000	-	$120,000	$525,466
FY2017	$395,225	-	$395,225	$118,750	-	$118,750	$513,975
FY2016	$375,000	-	$375,000	$62,500	-	$62,500	$437,500

1 The Chief Executive Officer did not receive any other benefits, such as health insurance or participate in KiwiSaver.
2 STI is the amount paid during the financial year and relates to the performance period of the previous financial year.
3 The Company's approach in reporting the value of LTI is to report the value of shares that vest in the relevant financial year, rather than the value of the share rights received or accrued in the relevant financial year.
4 A tranche of the Annual LTI vested on 31 March 2018. However, as the shares were not issued until 20 April 2018, the value will be formally reported in 2019. Full details were provided in NZX disclosures made on 20 April 2018.

Three-year Summary

	Total Remuneration	%STI Awarded against on-plan Performance	STI Performance Period	%LTI Vested against on-plan Performance	Span of LTI Performance Periods
FY2018	$525,466	90%	FY2017	-	-
FY2017	$513,975	94%	FY2016	-	-
FY2016	$437,500	100%	FY2015	-	-

Plan	Description	Performance Measures
STI	Set at a gross target amount of one third of base salary remuneration (giving a current target of $135,733) and is achievable in each financial year, up to a maximum of 1.25 times if outperformance occurs in all company performance and individual measures.	55% on company performance 45% on individual measures
LTI	Equity based "share rights scheme" whereby the scheme grants comprise an annual grant with a target value of an amount equal to one third of the base salary remuneration at the commencement of the award period. The grant is subject to a three-year vesting period and Total Shareholder Return (TSR) hurdles. In addition, the Chief Executive Officer was awarded one off LTI grants in relation to work undertaken to successfully complete the Initial Public Offering and company establishment. These grants are subject to four, five and six-year vesting periods and TSR hurdles.	50% measured against comparable peer group TSR hurdle[1] 50% measured against NZ50 group TSR hurdle[1]

1 The Peer Group is determined annually by the Board. Each TSR hurdle is assessed over the period from the applicable commencement date to the applicable vesting date. Broadly, 50% of the NZ50 comparator LTI vest if the TSR is at the 50th percentile of the NZ50 and 100% vest if the TSR is at the 90th percentile, with a sliding scale in-between. Because there are fewer companies in Peer Group the vesting scale is different. Broadly, 100% of the LTI will vest if the Company has the highest TSR in the Peer Group, none will vest if the TSR is in the bottom half and either 70% or 90% will vest if the Company is second in the Peer Group, depending on how close the TSR is to the highest performer.

The Board's intention is to make annual rolling LTI grants. The current LTI grants (which are the sum of the two different sub-sets of LTI) are as follows:

Annual LTI			
Commencement Date	1/04/2015	1/04/2016	1/04/2017
Vesting Date	31/03/2018	31/03/2019	31/03/2020
Unvested Rights	131,258	136,802	99,979
Strike Price	$0.95	$0.93	$1.33

One-off LTI			
Commencement Date	1/04/2015	1/04/2015	1/04/2015
Vesting Date	31/03/2019	31/03/2020	31/03/2021
Unvested Rights	420,028	420,028	420,028
Strike Price	$0.95	$0.95	$0.95

The Board has an overriding discretion in respect of both the STI and LTI awards. The Board may take into account all measures and their overall assessment of individual performance and may take into account any other matters that they consider relevant in assessing whether (and to what extent) the performance hurdles should be treated as satisfied, which will include the level of achievement of the measure set out in the STI and LTI. The Board has discretion to vary the grant, and to adjust the quantum and the TSR hurdles, in respect to future awards.

CHIEF FINANCIAL OFFICER REMUNERATION

In the year ended 31 March 2018, the Chief Financial Officer received remuneration totalling $394,099. This amount included $90,000 STI payment and $Nil LTI payments, with the remaining $304,099 being fixed remuneration.

EMPLOYEE REMUNERATION

The number of employees of Arvida and its subsidiaries, not being a Director, which received remuneration and other benefits in excess of $100,000 for the financial year ended 31 March 2018 is set out in the remuneration bands detailed below.

The remuneration figures shown in the "Remuneration band" column includes all monetary payments actually paid during the course of the year ended 31 March 2018. The table also includes the value of any shares issued to individuals during the course of the same period under the LTI scheme (in the year ended 31 March 2018 this was nil for all employees) but does not include the value of share rights issued under the same LTI scheme. The table does not include amounts paid post 31 March 2018 that relate to the year ended 31 March 2018. This is consistent with methodology for calculating remuneration in the previous financial year.

Remuneration Band	Number of Employees
$100k - $110k	9
$110k - $120k	4
$120k - $130k	6
$130k - $140k	3
$140k - $150k	1
$150k - $160k	4
$170k - $180k	2
$180k - $190k	1
$190k - $200k	1
$200k - $210k	1
$210k - $220k	1
$240k - $250k	1
$270k - $280k	2
$390k - $400k	1
$520k- $530k	1

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DISCLOSURES

DIRECTORS' INTERESTS

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 particulars were entered in the Company's Interests Register for the year ended 31 March 2018:

Peter Wilson: Disclosed he ceased to hold the following positions in respect of the following entities: PF Olsen Group Limited (Deputy Chair), PF Olsen Limited (Chair).

Michael Ambrose: Disclosed the following new positions in respect of the following entities: Australian Lobster Company (GP) Limited (Director), Deltop Holdings Limited (Director), Fiordland Lobster Company Limited (Director), FLC Trustee Limited (Director), Lobster Management GP Limited (Director). Disclosed he ceased to hold the following positions in respect of the following entities: G.A. Village Management Services Limited (Director), WJH Investments Limited (Director).

Anthony Beverley: Disclosed he ceased to hold the following position in respect of the following entity: EPIC Future Limited (Chair).

Susan Paterson: No changes disclosed.

Paul Ridley-Smith: Disclosed he ceased to hold the following position in respect of the following entity: King Country Energy Limited (Director).

SPECIFIC DISCLOSURES

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

USE OF COMPANY INFORMATION

There were no notices 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 2018.

DIRECTORS' SECURITY HOLDINGS

Ordinary shares in which each Director had a relevant interest as at 31 March 2018 are set out in the table below:

Relevant interests of Directors

Director	Beneficial / Non-beneficial Interest	No. of shares held
Peter Wilson	Beneficial	392,383
	Non-beneficial	36,015
Michael Ambrose	Beneficial	1,576,262
	Non-beneficial	184,400
Anthony Beverley	Beneficial	319,011
Susan Paterson	Beneficial	160,815
Paul Ridley-Smith	Beneficial	112,832

SECURITIES DEALINGS OF DIRECTORS

Dealings by Directors in relevant interests in Arvida's ordinary shares during the year ending 31 March 2018 as entered in the Interests Register:

Director	No. of Shares	Nature of Relevant Interest	Acquisition/ Disposal	Consideration	Date of Transaction
Peter Wilson	65,397	Registered holder and beneficial owner	Acquisition	$1.15 per share	13/10/2017
Peter Wilson	6,002	Related party and non-beneficial owner	Acquisition	$1.15 per share	13/10/2017
Michael Ambrose	64,793	Registered holder and beneficial owner	Acquisition	$1.15 per share	13/10/2017
Michael Ambrose	31,042	Related party and non-beneficial owner	Acquisition	$1.15 per share	13/10/2017
Anthony Beverley	53,168	Registered holder and beneficial owner	Acquisition	$1.15 per share	13/10/2017
Susan Paterson	26,802	Registered holder and beneficial owner	Acquisition	$1.15 per share	13/10/2017
Paul Ridley-Smith	18,805	Registered holder and beneficial owner	Acquisition	$1.15 per share	13/10/2017

DIRECTOR APPOINTMENT DATES

The date of each Director's first appointment to the position of Director is provided below.

Since the date of appointment, Directors have been re-appointed at Annual Meetings when retiring by rotation as required.

Director	Date first appointed	Date last re-appointed
Peter Wilson	13 November 2014	19 August 2016
Michael Ambrose	17 January 2014	7 July 2017
Anthony Beverley	13 November 2014	19 August 2016
Susan Paterson	7 May 2015	21 August 2015
Paul Ridley-Smith	7 May 2015	7 July 2017

DIRECTORS OF SUBSIDIARY COMPANIES

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 William McDonald, Jeremy Nicoll nor Tristan Saunders received additional remuneration or benefits for acting as directors of subsidiaries during the year.

William McDonald and Jeremy Nicoll are directors of all of the Company's wholly-owned subsidiaries as at 31 March 2018. The directors of the joint venture companies are detailed in the table below.

In respect of the following subsidiaries which were acquired or newly incorporated during the financial year ending 31 March 2018, the following individuals ceased to be directors:

Company Name	Current Directors	Resigned Directors
Richmond Land Limited	William McDonald Jeremy Nicoll (incorporated on 30 May 2017)	Not applicable
Mary Doyle Holdings Limited Mary Doyle Healthcare Limited Mary Doyle Trust Lifecare Complex Limited	William McDonald Jeremy Nicoll (appointed 13 October 2017)	Douglas Hurst Ian Hurst Geoffrey McPhail Terence Pratley
Strathallan Group Limited Strathallan Healthcare Limited Strathallan Lifecare Village Limited	William McDonald Jeremy Nicoll (appointed 13 October 2017)	Douglas Hurst Ian Hurst Geoffrey McPhail
Village at the Park Care Limited Village at the Park Lifecare Limited (joint venture companies)	William McDonald Jeremy Nicoll Tristan Saunders (appointed 13 October 2017) *Morrie Love* *Richard TeOne* *Euan Playle*[1]	Ian Hurst Geoffrey McPhail Terence Pratley *Leo Buchanan*[2]

1 Appointed 22 August 2017.
2 Resigned 18 August 2017.

Amalgamations

Bainlea Holdings (2006) Limited and Ilam Lifecare Holdings Limited were amalgamated into Arvida Limited on 31 August 2017. Epsom Brown Holdings Limited, Mary Doyle Holdings Limited and Strathallan Group Limited were amalgamated into Arvida Limited on 31 March 2018.

TOP 20 SHAREHOLDERS AS AT 31 MARCH 2018

	Shareholder	No. of Shares	% of Shares
1	New Zealand Central Securities Depository Limited	78,127,014	18.9%
2	Forsyth Barr Custodians Limited	49,249,652	11.9%
3	Ian Archibald Hurst & Gloria Faye Hurst & Geoffrey Ewen McPhail & Banco Trustees Limited	8,880,136	2.1%
4	FNZ Custodians Limited	8,361,881	2.0%
5	Stephen Lawrence Darling & Gail Lillian Darling & Canterbury Trustees Limited	7,759,979	1.9%
6	Waikanae Trustees Limited	7,751,580	1.9%
7	Donna Maree Hurst & Douglas Culmer Hurst & Geoffrey Ewen McPhail & Banco Trustees Limited	7,654,811	1.9%
8	Kim Cherie Poynter & Scott Jeffrey Williams	7,319,733	1.8%
9	Gordon Alfred Hartley & Karen Diane Hartley & Rostock Trustees Limited	6,320,137	1.5%
10	Suzanne Elizabeth Marshall & Simon Ross Marks	4,909,709	1.2%
11	Terence Leonard Pratley & Amanda Dominique Pratley & Pratley Trustees Limited	4,889,503	1.2%
12	Trevor Ross Marshall & Simon Ross Marks	4,620,085	1.1%
13	Alison Mary Davis & Purnell Creighton Trustees Ltd	4,333,465	1.0%
14	The Neil Group Limited	4,019,973	1.0%
15	Ronald Patrick Williams & Andrena Margaret Williams & Arthur James Keegan	4,000,000	1.0%
16	Hurst McPhail Holdings Limited	3,433,307	0.8%
17	New Zealand Depository Nominee Limited	3,250,691	0.8%
18	Scott Francis Vernon & Wyndham Trustees Limited	3,000,000	0.7%
19	Geoffrey Ewen McPhail & Banco Trustees Limited & Leanne McPhail	2,989,806	0.7%
20	Forsyth Barr Custodians Limited	2,376,793	0.6%
	Total	**223,248,255**	**54.0%**

SHAREHOLDERS HELD THROUGH THE NZCSD AS AT 31 MARCH 2018

New Zealand Central Securities Depository Limited (NZCSD) provides a custodian depository service that allows electronic trading of securities to its members and does not have a beneficial interest in these shares. The 10 largest shareholdings in the Company held through NZCSD were:

	Shareholder	No. of Shares	% of Shares
1	Generate Kiwisaver Public Trust Nominees Limited	21,850,123	5.3%
2	National Nominees New Zealand Limited	16,378,286	4.0%
3	Citibank Nominees (New Zealand) Limited	9,067,282	2.2%
4	Accident Compensation Corporation	6,570,103	1.6%
5	BNP Paribas Nominees (NZ) Limited	4,747,612	1.1%
6	MFL Mutual Fund Limited	2,701,246	0.7%
7	HSBC Nominees (New Zealand) Limited	2,416,911	0.6%
8	HSBC Nominees A/C NZ Superannuation Fund Nominees Limited	2,195,769	0.5%
9	JPMorgan Chase Bank NA NZ Branch-Segregated Clients Acct	2,171,559	0.5%
10	BNP Paribas Nominees (NZ) Limited	2,131,020	0.5%

SPREAD OF SHAREHOLDERS AS AT 31 MARCH 2018

The total number of listed ordinary shares as at 31 March 2018 was 413,740,527. The Company has only ordinary shares on issue.

Size of shareholding	Shareholders		Shares held	
	Number	%	Number	%
Under 2,000	521	12.0%	548,474	0.1%
2,000 to 4,999	832	19.2%	2,755,817	0.7%
5,000 to 9,999	843	19.4%	5,877,306	1.4%
10,000 to 99,999	1,804	41.6%	47,707,168	11.5%
100,000 to 499,999	236	5.4%	50,727,581	12.3%
500,000 and over	104	2.4%	306,124,181	74.0%
Total	**4,340**	**100.0%**	**413,740,527**	**100.0%**

SUBSTANTIAL PRODUCT HOLDER NOTICES AS AT 31 MARCH 2018

According to the records kept by the Company under the Financial Market Conducts Act 2013, the following were substantial holders in the Company as at 31 March 2018. The total number of listed ordinary shares as at 31 March 2018 was 413,740,527 (being the only voting products).

Shareholder	Relevant Interest	% held at date of notice	Date of Notice
Generate Investment Management Limited	20,900,123	5.1%	14 February 2018
Forsyth Barr Investment Management Limited	25,087,941	6.1%	31 October 2017

WAIVERS FROM NZX LISTING RULES

No waivers from NZX Listing rules were sought in the year ending 31 March 2018.

CREDIT RATING

The Company has no credit rating.

AUDITORS' FEE

Ernst & Young was appointed auditor of Arvida Group Limited and of the retirement village companies with the Arvida group. The amount payable to Ernst & Young as audit fees during the financial year ended 31 March 2018 was $382,500. The amount of fees payable to Ernst & Young for non-audit work during the financial year ended 31 March 2018 was $48,000.

DONATIONS

In accordance with section 211(1)(h) of the Companies Act, the Company records that $5,750 was donated by Arvida or its subsidiaries in the year ended 31 March 2018.

COMPANY INFORMATION

Registered Office of Arvida:	Arvida Group Limited Level 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 Chair Michael Ambrose, Non-Independent Director Anthony Beverley, Independent Director Susan Paterson, Independent Director Paul Ridley-Smith, Independent Director
Group Auditor:	Ernst & Young
Valuers:	CBRE Limited Jones Lang LaSalle Limited
Legal Advisors:	Chapman Tripp Anthony Harper
Bankers:	ANZ Bank NZ Limited
Statutory Supervisor:	Covenant 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

ARVIDA VILLAGE DIRECTORY

1	**Aria Bay**	3-7 Woodlands Crescent, Browns Bay, Auckland 0630	09 479 1871
1	**Aria Gardens**	11 Bass Road, Albany, Auckland 0632	09 415 7035
1	**Aria Park**	1-3 Claude Road, Epsom, Auckland 1023	09 630 8430
13	**Ashwood Park**	118-130 Middle Renwick Road, Springlands, Blenheim 7241	03 577 9990
14	**Bainlea House**	29 Wiltshire Court, Rangiora 7400	03 313 6055
14	**Bainswood House**	191 King Street, Rangiora 7400	03 313 5905
14	**Bainswood on Victoria**	28 Victoria Street, Rangiora 7400	03 313 2805
4	**Bethlehem Views**	186 Cambridge Road, Bethlehem, Tauranga 3110	07 578 5500
2	**Cascades**	55 Pembroke Street, Hamilton Lake, Hamilton 3204	07 839 2348
4	**Copper Crest**	52 Condor Dr, Pyes Pa, Tauranga 3112	07 578 6245
5	**Glenbrae**	22 Hilda Street, Fenton Park, Rotorua 3010	07 349 0014
15	**Ilam**	28 Ilam Road, Upper Riccarton, Christchurch 8041	03 341 1913
9	**Lansdowne Park**	100 Titoki Street, Lansdowne, Masterton 5810	06 377 0123
3	**Lauriston Park**	91 Coleridge Street, Cambridge 3432	07 827 0793
15	**Maples**	71 Middleton Road, Upper Riccarton, Christchurch 8041	03 348 4362
6	**Mary Doyle**	3 Karanema Drive, Havelock North 4130	06 873 8400
15	**Mayfair**	104 Wharenui Road, Upper Riccarton, Christchurch 8041	03 348 2445
7	**Molly Ryan**	269 Mangorei Road, Merrilands, New Plymouth 4312	06 757 8773
12	**Oakwoods**	357 Lower Queen Street, Richmond, Nelson 7020	03 543 9700
8	**Olive Tree**	11-13 Dalwood Grove, Palmerston North 4412	06 350 3000
15	**Park Lane**	35 Whiteleigh Avenue, Tower Junction, Christchurch 8024	03 338 4495
15	**Rhodes on Cashmere**	5 Overdale Drive, Cashmere, Christchurch 8022	03 332 3240
15	**St Albans**	41 Caledonian Road, St Albans, Christchurch 8014	03 366 1824
15	**St Allisa**	46 Main South Road, Upper Riccarton, Christchurch 8042	03 343 3388
16	**Strathallan**	31 Konini Street, Gleniti, Timaru 7910	03 686 1996
12	**The Wood**	156 Milton Street, Nelson 7010	03 545 6059
11	**Village at the Park**	130 Rintoul St, Newtown, Wellington 6021	04 380 1361
10	**Waikanae Lodge**	394 Te Moana Road, Waikanae, Kapiti Coast 5036	04 902 6800
15	**Wendover**	33 Erica Street, Papanui, Christchurch 8053	03 352 6089

Aria Bay
ARVIDA RETIREMENT & CARE
Aria Gardens
ARVIDA CARE & WELLBEING
Aria Park
ARVIDA RETIREMENT & CARE
Cascades
ARVIDA RETIREMENT & CARE
Lauriston Park
ARVIDA LIFESTYLE & CARE
Molly Ryan
ARVIDA RETIREMENT & CARE
Olive Tree
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Village at the Park
ARVIDA RETIREMENT & CARE

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Bethlehem Views
ARVIDA CARE & WELLBEING
Copper Crest
ARVIDA LIFESTYLE & CARE
Glenbrae
ARVIDA RETIREMENT & CARE
Mary Doyle
ARVIDA RETIREMENT & CARE

Bainswood House
ARVIDA RETIREMENT & CARE
Bainswood on Victoria
ARVIDA CARE & WELLBEING
Bainlea House
ARVIDA CARE & WELLBEING
Ilam
ARVIDA RETIREMENT & CARE
Maples
ARVIDA RETIREMENT & CARE
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Strathallan
ARVIDA RETIREMENT & CARE

ArvidaGroup