



# PRESENTATION OF FY2019 RESULTS

Arvida Group Limited  
Year Ended 31 March 2019

27 May 2019



# FY2019 RESULT HIGHLIGHTS

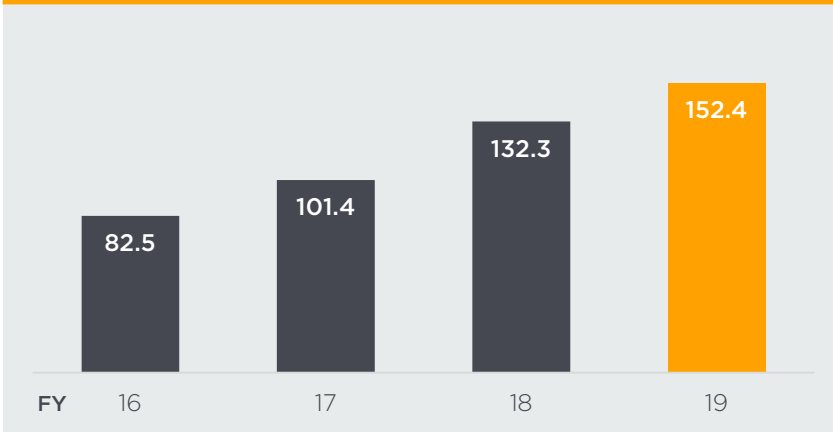
## Continued strong financial and operational performance

- \$5.6m lift in Underlying Profit<sup>1</sup> to \$38.6m
- Continued high care occupancy at 96% underpins strong cash flows
- Lengthening of MoH certification periods to an average of 3.7 years with 17 (65%) now attained gold standard 4 year certification
- Resale margin of 23%, up from 20% in FY18
- Resale volumes up 19%; total resale proceeds up 30% to \$87.1m
- Delivered 113 new units for FY19 in line with guidance, lifting to 170 new units in FY20
- Annual delivery rate to exceed 200 units in FY21
- Development margin of 18% on \$44.3m new unit sales in period
- Increased development pipeline with new greenfield site acquired in Kerikeri
- Engagement survey recorded 96% staff give their best everyday
- Continued improvement in resident NPS scores

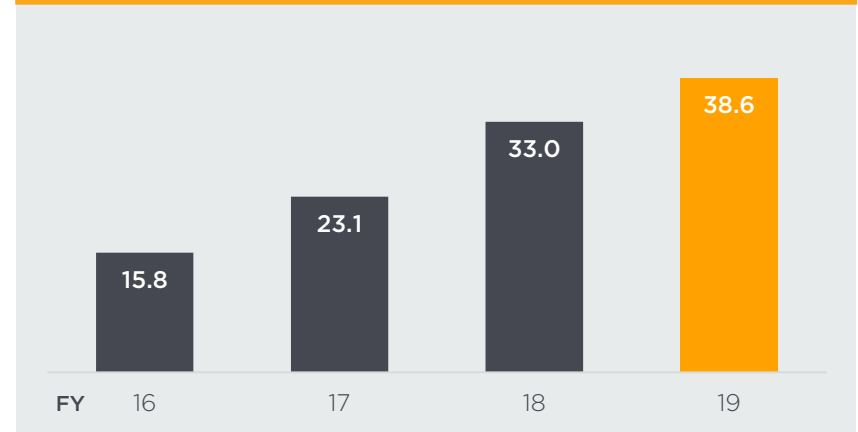
1. Underlying Profit is a non-GAAP unaudited financial measure and differs from NZ IFRS net profit after tax. A reconciliation to Reported Net Profit after Tax is provided in the financial section of this presentation and definition appended.

# CONTINUED UNDERLYING GROWTH

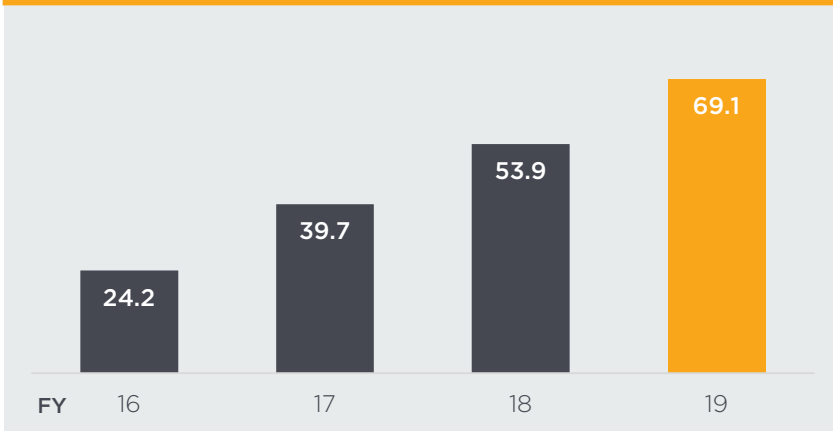
Revenue (\$m)



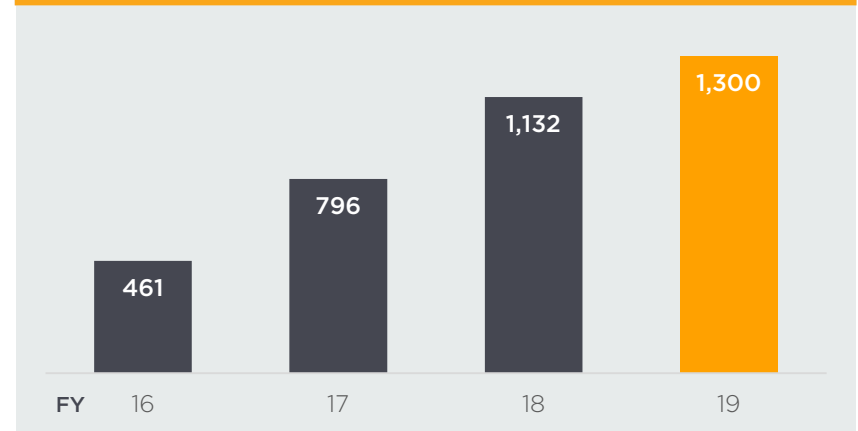
Underlying Profit<sup>1</sup> (\$m)



Operating Cash Flow (\$m)



Total Assets (\$m)




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



BUSINESS  
OVERVIEW



# ARVIDA IS CARE FOCUSED

	CARE VILLAGE			 <b>Total</b>
	Assisted Living <b>Beds</b>	Assisted Living <b>SAs/Care</b>	Independent <b>ILUs</b>	
North Island	887	308	990	2,185
South Island	835	381	276	1,492
<b>Total existing stock</b>	<b>1,722</b>	<b>689</b>	<b>1,266</b>	<b>3,677</b>
Brownfield	69	292	441	802
Greenfield	-	155	400	555
Development pipeline	69	447	841	1,357
Decommissions	(121)	(9)	-	(130)
<b>Total built</b>	<b>1,670</b>	<b>1,127</b>	<b>2,107</b>	<b>4,904</b>
	Standard (govt funded) & PAC (premium charge) beds	Subject to ORA with DMF structure; care services delivered	Subject to ORA with DMF structure; villas & apartments	66% needs-based stock; target is 60%+

## 29 Villages

21 integrated villages  
5 care facilities  
3 retirement villages

## 2 Greenfield Sites



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



# OUR STATED STRATEGY

## LIVING WELL

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

## BUILDING WELL

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

## BUYING WELL

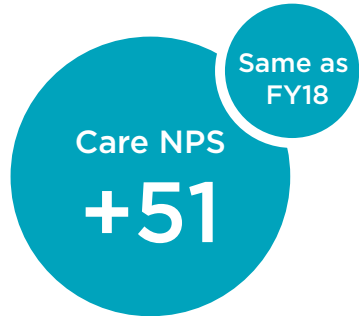
Acquire quality retirement villages that are complementary to the overall portfolio composition and deliver long term value through operations or by adding opportunities.

## ENGAGING WELL

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

# EXCELLENT OUTCOMES

## Annual NPS resident satisfaction survey



## Inaugural staff engagement survey

- > 96% determined to give best
- > 83% motivated to go beyond



- > Approximately 4,000 residents and 2,500 staff

## Our Vision:

To improve the lives and wellbeing of our residents by transforming the ageing experience

Introduced customer-led model of care called **ATTITUDE OF LIVING WELL** that brought about cultural change across organisation



Benefits measured:

- > Industry leading care occupancy, significantly above the sector
- > 17 or 65% of care facilities now hold the gold standard 4-year certification from Ministry of Health; balance all 3-years
- > Wellness Team invited to present at domestic and industry conferences
- > Industry recognition and accolades for programmes

**96%**  
Occupancy

**65%**  
4-year cert



# OPERATIONAL HIGHLIGHTS

- Rollout of resident management system now implemented across all care facilities in the Group:
  - We are now at the stage of assessing other modules within the system with a view to enhancing the functionality and assisting staff to further increase their productivity
- Over 26,000 training modules completed by staff through the Altura remote learning platform:
  - There is an increasing trend for overall course completions
  - Career development and talent programmes are a key area of focus
  - During the year we updated and implemented comprehensive induction processes for all staff
- No significant health and safety incidents during the period, with operational and development sites being well managed. A total of six incidents were notified to Worksafe NZ. Two of these related to incidents that occurred at villages, however no further action resulted from any of these notifications:
  - Our Health and Safety Plan has ten goals to be completed before 30 June 2020
  - Arvida aims for continual improvement in health & safety with a zero tolerance target for notifiable incidents in operations
- IT roadmap includes investment in enabling technology such as WiFi and connected services so that our villages and new developments are future-proofed with key IT infrastructure
- All FY18 acquisitions now fully integrated into Arvida systems, policies and operating model







DEVELOPMENT

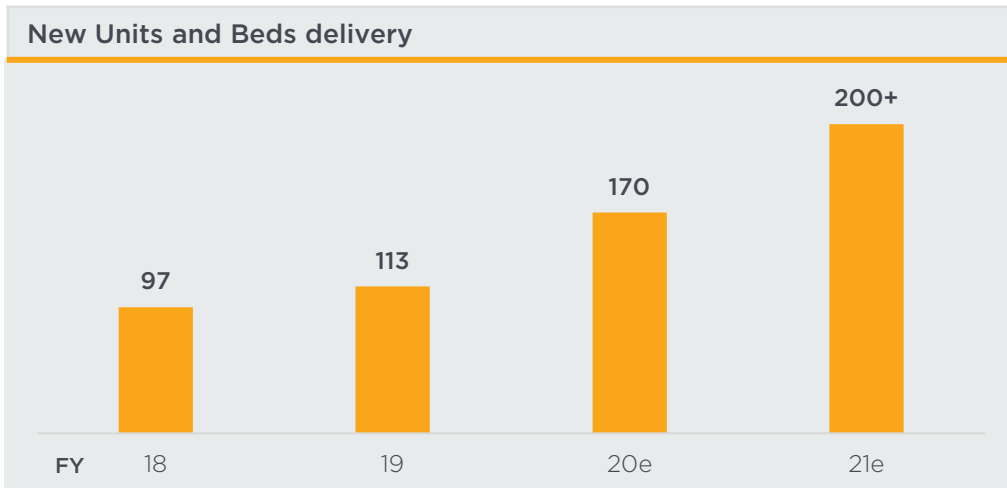
Waimea Plains  
8 hectares in Richmond

# FY19 NEW UNIT SALES & DELIVERY

Sales Analysis <sup>1</sup>	FY19	FY18	YoY change	FY17
<u>New Sales</u>				
ILUs	64	73	(12%)	16
Serviced apartments	1	2	(50%)	16
Care suites	5	4	25%	-
<b>Total new units sold</b>	<b>70</b>	<b>79</b>	<b>(11%)</b>	<b>32</b>
Value \$m	44.3	41.7	6%	14.0
<b>Av. value per new sale \$000</b>	<b>633</b>	<b>528</b>	<b>20%</b>	<b>439</b>
Development gain \$m	7.5	6.5	15%	2.4
Development margin %	18%	19%	(100bp)	17%

## Commentary

- Of the 70 units sales:
  - 41 were from units delivered in FY19
  - 24 related to units delivered prior to FY19
  - 5 were care suite conversions
- Despite lower sales volumes, gross proceeds up 6%
- Average values per new sale settlement grew to \$633k, a 20% increase on last year
- 113 new units delivered across 5 villages, in line with guidance provided November 2018 that 112 new units expected to be delivered
- Of the 113 new units delivered in FY19, 42 were delivered in the last quarter



FY19 Unit Delivery	Units	Av. \$000
Copper Crest	27	772
Mary Doyle	14	782
Aria Bay	25	956
Park Lane	29	595
Rhodes on Cashmere	18	947
<b>FY19 New Units</b>	<b>113</b>	<b>796</b>

FY19 Sales \$000	ILUs	SAs	Suites
Av. Sales Value	674	230	183

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



# PROJECTS COMPLETED IN FY19



PARK LANE, CHRISTCHURCH

29

Apartments (only 26 able to be occupied until next stage complete)  
17 contracted (of which 14 are settled)



COPPER CREST TAURANGA

27

Final stage of villas  
14 contracted (of which 11 are settled)  
2 to be built post care completion



RHODES ON CASHMERE, CHRISTCHURCH

18

Apartments delivered March 2019 (of which 2 are contracted)  
Fitout of 5 Care Suites in next stage



ARIA BAY, AUCKLAND

25

Apartments  
12 contracted (of which 9 are settled)



MARY DOYLE, HAVELOCK NORTH

14

Villas  
12 contracted (of which 8 are settled)



# KEY PROJECTS IN FY20



VILLAGE AT THE PARK, WELLINGTON

**24**  
Apts

Construction progressing well  
Building envelope is nearing completion, with fitout in progress and finishing trades well advanced  
The apartment block is due for completion mid FY20 delivering 24 apartments  
Contracts are held for 23 apartments



WAIMEA PLAINS, RICHMOND

**38**  
Villas

Bulk earthworks on the 8 hectare site are now complete  
Construction of Stage 1 (26 villas plus 12 townhouses) is progressing well with completion expected late FY2020  
In total, the development of the site will deliver 160 villas, 40 apartments, 75 care suites  
Contracts held for 10 out of the 38 units in the first stage



# KEY PROJECTS IN FY20



## ST ALBANS, CHRISTCHURCH

**25**  
Apts

Extension of the village is progressing well with floors complete and framing advancing  
The extension delivers 25 apartments  
Delivery is expected late FY20, with sales launch mid-year  
New care wing is proposed for the next development stage



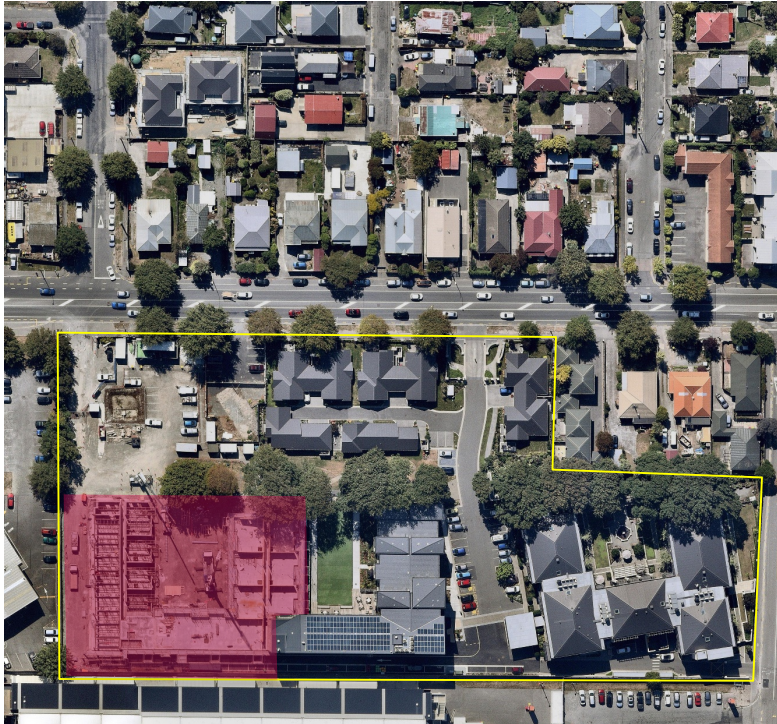
## LAURISTON PARK, CAMBRIDGE

**12**  
Villas

Construction is progressing well and is on track for completion later this year  
Framing is largely complete, windows and cladding are ongoing and roofing on  
The stage delivers 12 apartment-style villas with contracts held for all 12 villas



# KEY PROJECTS IN FY20



PARK LANE, CHRISTCHURCH

49  
Apts

Construction continues to progress at pace and is ahead of schedule, with delivery now expected late FY20  
This stage completes the apartment development  
Planning is underway for the common facilities/wellness centre which is scheduled to commence construction 2H20



MARY DOYLE, HAVELOCK NORTH

12  
Villas

Bulk earthworks are complete  
This stage delivers 18 villas of which 9 are scheduled for delivery in FY20 and the remaining 3 from the prior stage



# WAIMEA PLAINS RETIREMENT COMMUNITY



Artist impression. Subject to final investment decision approval.

## WAIMEA PLAINS, RICHMOND

**275**  
Units

Waimea Plains will be developed in stages over the next 5-6 years. A launch event was recently held to unveil the village to the local community. This received an outstanding reception with several hundred people visiting the village over the course of the weekend. There was plenty of interest in our outwardly facing community concept, which is a key offering incorporated in all our new villages. It forms part of the village and helps make that connection to the community by creating a neighbourhood that includes a range of hospitality, health and recreational facilities. Contracts are already held for 10 of the 38 villas available in the first stage



# COPPER CREST CARE FACILITY



Artist Impression

## COPPER CREST, TAURANGA

84

Care/  
Apts

With completion of the villa programme, construction of the care facility commenced and is progressing well with in-ground works largely complete. The in-house construction management team successfully established last year provides a blueprint for expansion of in-house construction functions to other developments, providing greater oversight and potential for enhanced margins. In total, the development will include 29 serviced apartments and 55 care suites. Delivery is expected late FY21.



# LAURISTON PARK CARE FACILITY



Artist impression. Subject to final investment decision approval.

## LAURISTON PARK, CAMBRIDGE

**90**  
Care/  
Apts

Design for a care suite and serviced apartment facility to be developed on bare land within the existing village  
Resource consent lodged



# KERIKERI GREENFIELD SITE



HALL RD, KERIKERI

**280**  
Units

In August 2018, we announced 18 hectares of land in Kerikeri had been acquired. Kerikeri is a thriving rural township that is experiencing rapid population growth particularly in the 65+ aged bracket.

On completion the village will comprise 200 homes and 80 care beds (up to dementia level care). The planned care facility will be a welcome addition to the current limited care capacity in the region. Consent for development of the first 28 villas and enabling works have been lodged.



# CURRENT DEVELOPMENT PROGRAMME

## Projected delivery of 170 new units in FY20, lifting to 200+ from FY21

Village	Location	Status	FY20	FY21+ (In Progress)
Aria Bay	Auckland	Under construction; delivery from FY22	-	117 ILUs/Care (37 decoms)
Lauriston Park	Cambridge	Under construction; completion 1H20	12 ILUs	-
Lauriston Park	Cambridge	Construction to commence 1H20 (consenting)	-	90 ILUs/Care
Copper Crest	Tauranga	Under construction; completion FY21	-	84 ILUs/Care
Glenbrae	Rotorua	Under construction	10 SAs	12 ILUs
Mary Doyle	Havelock North	Construction to commence 1H20 (consented)	12 ILUs	9 ILUs
Village at the Park	Wellington	Under construction; completion 1H20	24 ILUs	-
Waimea Plains	Richmond	Stage 1 under construction; next stage of 32 ILUs will follow	38 ILUs	Multiple stages
St Albans	Christchurch	Under construction	25 ILUs	20 Care
Park Lane	Christchurch	Under construction; completion late FY20	49 ILUs	-
Rhodes on Cashmere	Christchurch	Stage 2 to commence 1H20 and include fit out of 5 care suites	-	40 ILUs, 5 Care
<b>Total In Progress Development</b>			<b>170 units</b>	<b>377 units (37 decoms)</b>

- Development pipeline comprises a total of 1,357 units

Note, figures are gross units expected to be delivered (nil decommissions in current programme other than noted at Aria Bay). Care packages are delivered into some ILUs.



FY2019  
FINANCIALS



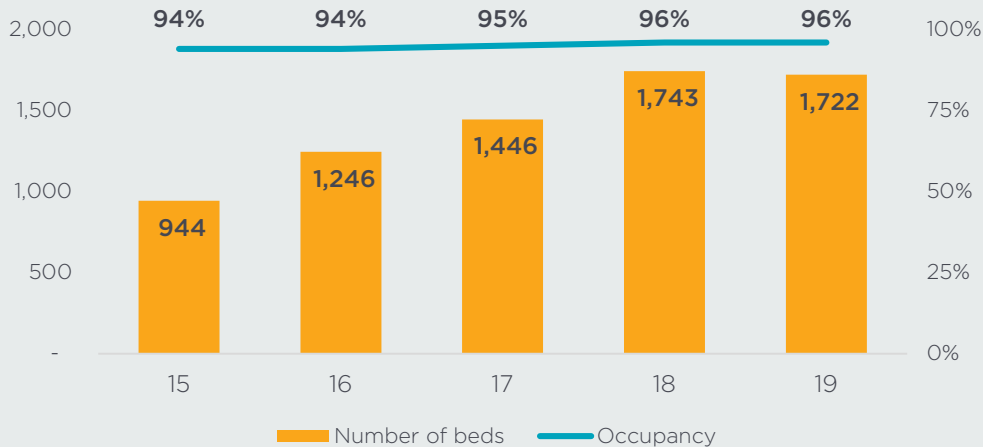
# CARE OPERATIONS

NZ\$m	FY19	FY18	YoY change
Rest home fees	37.6	35.5	6%
Dementia fees	14.8	11.5	29%
Hospital fees	48.5	44.6	9%
Premium fees	4.5	-	nm
Other revenue	2.9	3.1	(6%)
<b>Care revenue</b>	<b>108.3</b>	<b>94.7</b>	<b>14%</b>
Serviced apartment fees	10.7	10.1	6%
<b>Total care revenue</b>	<b>119.0</b>	<b>104.8</b>	<b>14%</b>

## Aged Care Strategy

- 1 Retain high needs-based portfolio composition
- 2 Excellence in care: Arvida's Attitude of Living Well
- 3 Increase PAC rates on care beds
- 4 Introduce premium care suite offering in key urban areas
- 5 Conversion of existing care beds and certification of serviced apartments

## Care Facility Occupancy



## Care Facility Commentary

- The Group considers integrated sites as one business unit, rather than segmented care and retirement businesses
- Dementia fees increased 29% with change in mix of beds from FY18 acquisitions
- Premium fees at \$4.5m; now separately accounted
- The five standalone care facility sites with a total of 435 beds (25% of beds) generated \$7.6m of EBITDA (2018: \$6.8m). On an annualised basis, this equates to \$17.4k EBITDA per bed, which compares to \$17.8k per bed assumed by the valuers as at 31 March 2018 across these sites.
- We expect our integrated care facilities to deliver average EBITDA in a range of \$10,000-14,000 per bed



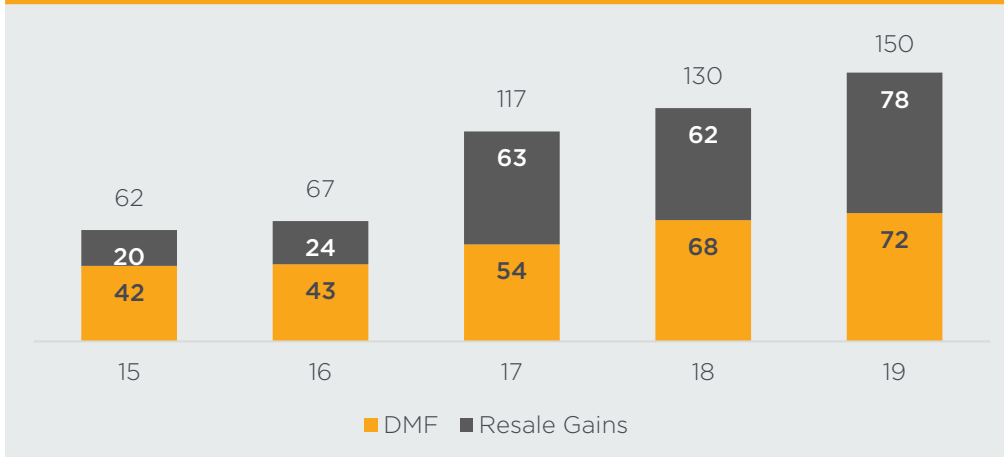
# VILLAGE OPERATIONS

NZ\$m	FY19	FY18	YoY change
RV weekly fees	9.3	6.9	35%
Deferred management fees	21.4	18.1	18%
Other revenue	2.1	1.7	24%
<b>Operating revenue</b>	<b>32.8</b>	<b>26.7</b>	<b>23%</b>
Realised gains on resales	19.5	13.3	47%
Realised development margin	7.5	6.5	15%
<b>Total income</b>	<b>59.8</b>	<b>46.5</b>	<b>29%</b>

## Retirement Village Strategy

- 1 Invest in scale and quality adding value through brownfield development
- 2 Develop greenfield villages that offer a continuum and cater for future residents' needs
- 3 Build a development pipeline to deliver 200+ units p.a
- 4 Engagement with communities to promote retention of active links
- 5 Fair approach to contracts

## Embedded Value<sup>1</sup> (\$000 per unit)



## Embedded Value Composition (\$000 per unit)

Average Embedded Value	ILUs	SAs	Total
Resale gains	99	42	78
DMF	85	47	72
<b>Total embedded value</b>	<b>184</b>	<b>89</b>	<b>150</b>

- Total portfolio Embedded Value (EV) was up \$41m since 31 March 2018 to \$263m
- On a per share basis, EV represents 63 cents per share, 17% increase on FY18
- EV is an indicator of the potential future cash flows from realised resale gains and deferred management fee receivables

1. Embedded Value ("EV") per unit is an internal calculation based on the data in the independent valuation reports for all occupied units: Resale Gain EV is calculated by reference to the current unit price less the ingoing unit price less any capital gain sharing; DMF EV is calculated by reference to the contractual amount owed at valuation date



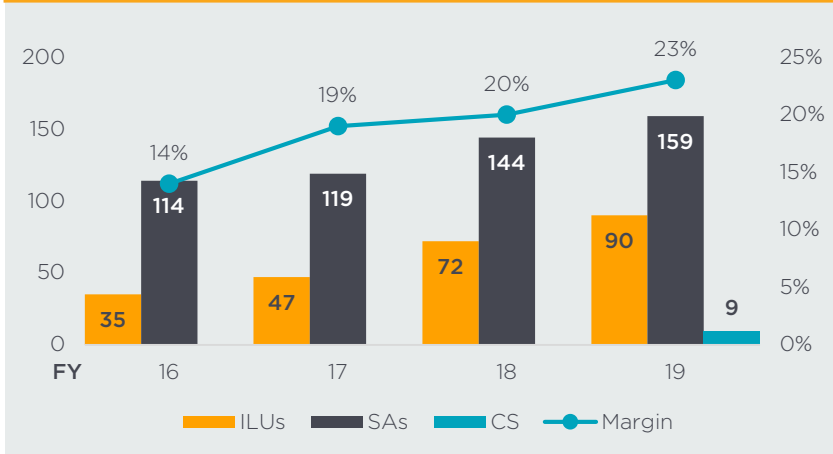
# ORA RESALES

Sales Analysis	FY19	FY18	YoY change	FY17
<u>Resales</u>				
Villas / apartments	90	72	25%	47
Serviced apartments	159	144	10%	119
Care suites	9	-	<i>nm</i>	-
<b>Total resales</b>	<b>258</b>	<b>216</b>	<b>19%</b>	<b>166</b>
Value \$m	87.1	67.0	30%	45.5
<b>Av. value per resale \$000</b>	<b>338</b>	<b>310</b>	<b>9%</b>	<b>274</b>
Resale gains \$m	19.5	13.3	47%	8.9
Resale margin %	23%	20%	300bp	19%

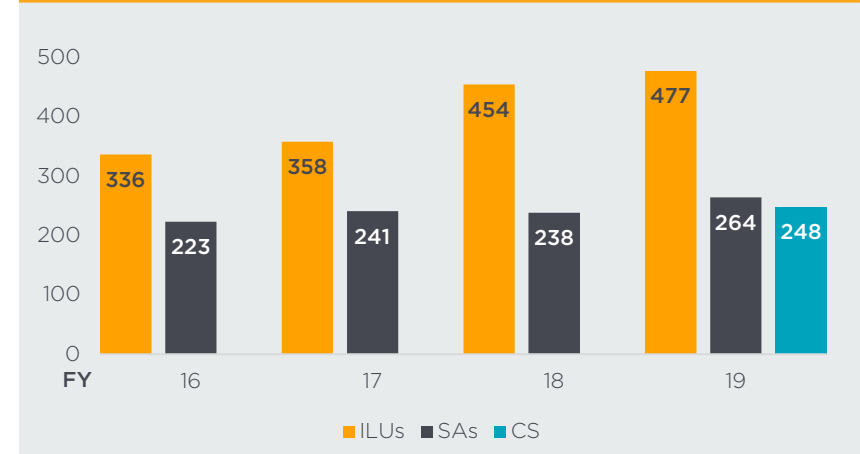
## Commentary

- Resale of 258 units, 19% up on FY18
- Occupancy remains high, with around 40 units available for resale or less than 2% of total portfolio
- Gross proceeds of \$87.1m, with average value per resale up 9% to \$338k
- Realised \$19.5m of resale gains and an improvement in resale margins to 23%
- Resales price achieved was 7% above the unit pricing assumed in 31 March 2018 independent valuations
- DMF realised on resales was \$13.1m

## Resale Volumes and Margins



## Average Resale Prices (\$000)



Note, the figures above include Village at the Park. A table is appended that excludes Village at the Park from the above.



# REPORTED PROFIT (IFRS)

NZ\$m	FY19	FY18	YoY change	FY17
Care & village service fees	125.6	109.9	14%	72.4
Deferred management fees	21.4	18.1	18%	7.8
Other revenue	5.4	4.3	27%	2.3
<b>Total revenue</b>	<b>152.4</b>	<b>132.3</b>	<b>15%</b>	<b>82.5</b>
Changes in fair values	46.4	42.0	10%	16.0
Share of profit arising from JV (net of tax)	3.4	5.1	(34%)	0.0
<b>Total income</b>	<b>202.2</b>	<b>179.4</b>	<b>13%</b>	<b>98.5</b>
Operating expenses	(129.9)	(108.8)	19%	(65.1)
Depreciation	(5.0)	(4.3)	19%	(2.9)
<b>Total expenses</b>	<b>(134.9)</b>	<b>(113.0)</b>	<b>19%</b>	<b>(68.0)</b>
<b>Operating profit</b>	<b>67.3</b>	<b>66.4</b>	<b>1%</b>	<b>30.5</b>
Financing costs	(3.6)	(2.3)	60%	(0.9)
Impairment of goodwill	(1.5)	(1.2)	25%	0.0
One-off items	(0.3)	(1.0)	(72%)	(1.4)
<b>Profit before income tax</b>	<b>61.9</b>	<b>61.9</b>	<b>(0%)</b>	<b>28.2</b>
Income taxation	(2.8)	(4.3)	(35%)	(4.1)
<b>Net profit after tax</b>	<b>59.1</b>	<b>57.6</b>	<b>2%</b>	<b>24.0</b>

## Commentary

- Revenue grew 15% to \$152.4m on continuing strong core financial performance and FY18 acquisitions
- Care fee revenue up 14% to \$108.2m underpinned by high care occupancy
- DMF up 18% which included full year contributions from FY18 acquisitions
- Strong fair value increases reflect the delivery of new units and the increase in existing unit pricing during the year
- Operating expenses increased 19% due to the acquired villages, higher nursing costs, inbuilt increases in care giver rates, higher minimum wages, increasing insurance costs and higher resident capital gain sharing payments
- Income tax expense is benefiting from a higher tax shield

Head Office Costs	FY19	FY18
Employee costs	6.2	5.3
Other	3.1	2.9
<b>Total expense</b>	<b>9.3</b>	<b>8.2</b>
Capitalised wages	1.6	0.7



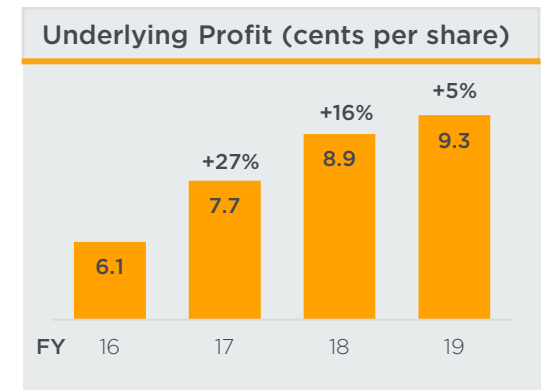
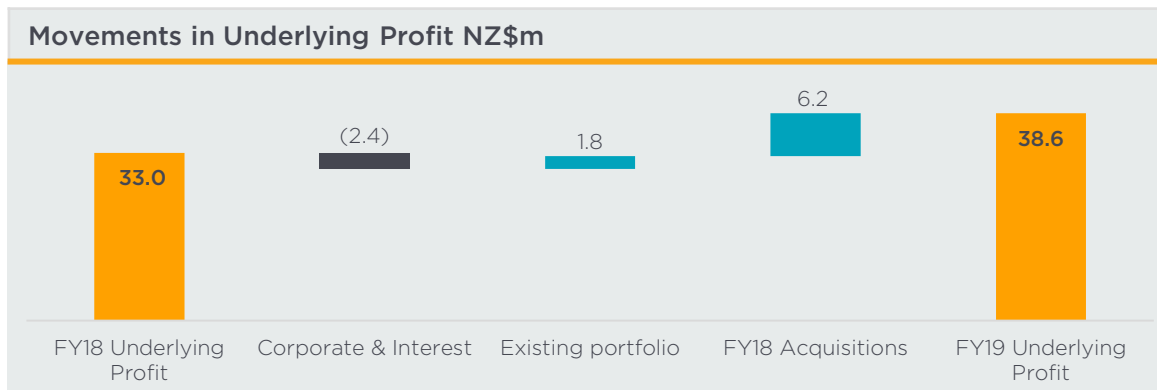


# UNDERLYING PROFIT RECONCILIATION

NZ\$m (Unaudited)	FY19	FY18	YoY change	FY17
Net profit after tax	59.1	57.6	2%	24.0
Less: Change in fair values	(49.1)	(47.0)	4%	(16.0)
Add: Deferred tax	(0.2)	0.3	(161%)	(0.1)
Add: Impairment of goodwill	1.5	1.2	25%	0.9
Add: One-off costs	0.3	1.0	(72%)	1.4
<b>Underlying operating profit</b>	<b>11.6</b>	<b>13.2</b>	<b>(12%)</b>	<b>10.2</b>
Add: Gains on resales	19.5	13.3	47%	5.0
Add: Gain on sale of new units	7.5	6.5	15%	1.5
<b>Underlying profit<sup>1</sup></b>	<b>38.6</b>	<b>33.0</b>	<b>17%</b>	<b>16.7</b>

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

- Commentary**
- Underlying Profit increased 17% to \$38.6m
  - On a cents per share basis, the increase in Underlying Profit was 5%, representing a CAGR of 16% over the last 4 years
  - The key drivers were:
    - The acquisition of new villages in the prior years strongly contributed to the underlying profit; and
    - 328 sales (up 11% on FY18) and higher resale margins drove increase in total gains





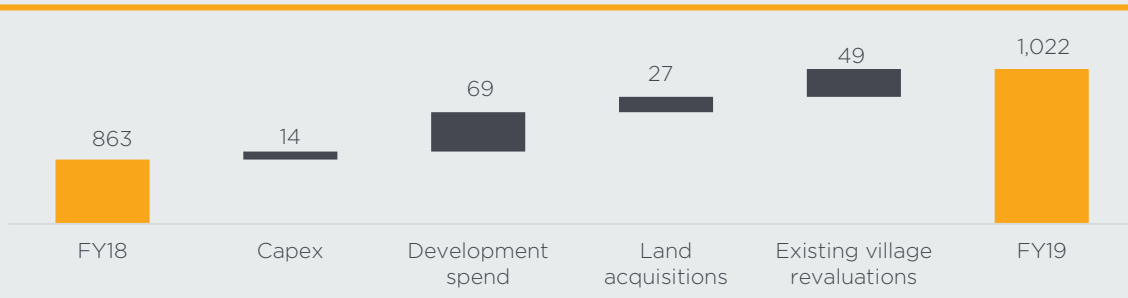
# BALANCE SHEET

NZ\$m	FY19	FY18
Cash and cash equivalents	4.6	3.1
Property, plant and equipment	168.7	169.1
Investment property	1,021.6	862.6
Investment in JV	24.3	21.2
Intangibles	54.0	55.7
Other assets	26.4	20.8
<b>Total assets</b>	<b>1,299.6</b>	<b>1,132.5</b>
External debt	190.1	122.2
Residents' loans	466.1	415.2
Deferred tax liability	27.7	30.6
Other liabilities	66.0	54.0
<b>Total liabilities</b>	<b>749.9</b>	<b>622.0</b>
<b>Net assets</b>	<b>549.7</b>	<b>510.5</b>

## Commentary

- Total asset base now \$1.3b, with over \$1.0b of investment property
- Valuations of retirement villages completed by CBRE and JLL:
  - A comparison of the assumptions used is contained within the appendix
  - There were no material changes to the valuers assumptions
- The value of Investment Property increased \$159m (vs FY18) as a result of:
  - \$69m of development activity
  - \$49m of fair value increases
  - \$27m of land acquisitions

## Movements in Investment Property (NZ\$m)





# CAPITAL STRUCTURE

NZ\$m	FY19	FY18	YoY change	FY17
Investment property	1,022	863	18%	590
Less: ORA / DMF	(490)	(436)	12%	(306)
Retirement villages	532	427	25%	284
Add: Care facilities	201	201	0%	178
Independent valuation	733	628	17%	463
Add: Investment in JV	24	21	14%	0
<b>Implied value</b>	<b>757</b>	<b>649</b>	<b>17%</b>	<b>463</b>
Less: Net debt	(186)	(119)	56%	(72)
<b>Net implied value</b>	<b>571</b>	<b>530</b>	<b>8%</b>	<b>391</b>
Net implied value per share	\$1.38	\$1.28	8%	\$1.17

## Commentary

- Total net debt of \$186m includes development project work in progress of \$48m, development land of \$53m and inventory of \$62m
- An extension to the bank debt facility limit and tenure was implemented in June 2018 with BNZ introduced to the syndicate alongside ANZ (as the lead bank & agent)
- The facility of \$250m is split evenly between two tranches with expiry dates of June 2021 and June 2023. Currently in discussions with our banking syndicate to provide a further tranche of debt capacity
- Interest rate hedges at balance date equated to 34% of drawn debt. Hedges have a weighted average maturity of 3.4 years and a fixed rate of 2.8%

## Bank Debt Facilities

NZ\$m	FY19	FY18	YoY change	FY17
Debt per accounts	190.1	122.2	56%	73.5
Plus: Capitalised costs	0.4	0.3	33%	0.0
Drawn debt	190.5	122.5	56%	73.5
Less: Cash	4.6	3.1	48%	1.3
<b>Total Net Debt</b>	<b>185.9</b>	<b>119.4</b>	<b>56%</b>	<b>72.2</b>
Gearing (ND / ND + E)	25%	19%	600bp	16%

## Bank Covenants

	Actual	Covenant
Interest cover	4.2x	2.25x
Loan to value	28.3%	50%



# CASH FLOWS

NZ\$m	FY19	FY18	YoY change	FY17
Receipts from residents for care fees and village services	130.9	113.1	16%	90.3
Residents' loans from resales	76.3	63.3	21%	53.2
Residents' loans from new sales	39.6	27.9	42%	9.2
Repayment of residents' loans	(46.3)	(37.7)	23%	(26.0)
Payments to suppliers and employees	(124.3)	(106.3)	17%	(76.8)
Other operating cash flows	0.0	0.0	<i>nm</i>	(3.3)
Financing costs (net)	(3.3)	(1.8)	83%	(1.1)
Taxation	(3.8)	(4.6)	(17%)	(5.8)
<b>Net cash flow from operating activities</b>	<b>69.1</b>	<b>53.9</b>	<b>28%</b>	<b>39.7</b>
Bank overdraft acquired from subsidiaries	0.0	3.0	(100%)	(0.2)
Purchase of investment property	(105.5)	(68.4)	54%	(19.2)
Purchase of property, plant and equipment	(4.3)	(9.9)	(57%)	(23.3)
Payments for investments in subsidiaries	0.0	(43.8)	(100%)	(66.5)
Net advances to joint venture	0.0	(11.9)	(100%)	0.0
Net insurance claim proceeds	0.0	0.0	0.0	0.9
Capitalised interest paid	(3.2)	(1.9)	68%	0.3
<b>Net cash flow from investing activities</b>	<b>(113.0)</b>	<b>(132.9)</b>	<b>(15%)</b>	<b>108.6</b>
<b>Net cash flow from financing activities</b>	<b>45.3</b>	<b>80.9</b>	<b>(44%)</b>	<b>68.3</b>

## Capital Expenditure

NZ\$m	FY19
Acquisitions	27.4
Purchase of furniture & fittings	3.4
Development capital expenditure	68.6
ILU refurbishment	3.5
SA unit refurbishment	2.1
Care facility refurbishment	0.4
General building works	2.9
EQ Remedial Works	1.0
Care suite upgrades	0.1
Unit title buybacks	4.3
Adjustment for accruals	(0.7)
<b>Total capital expenditure</b>	<b>113.0</b>

*Is represented by:*

Purchase of PPE	4.3
Purchase of investment property	105.5
Capitalised interest	3.2
<b>Net cash from investing activities</b>	<b>113.0</b>



# DIVIDEND AND OUTLOOK

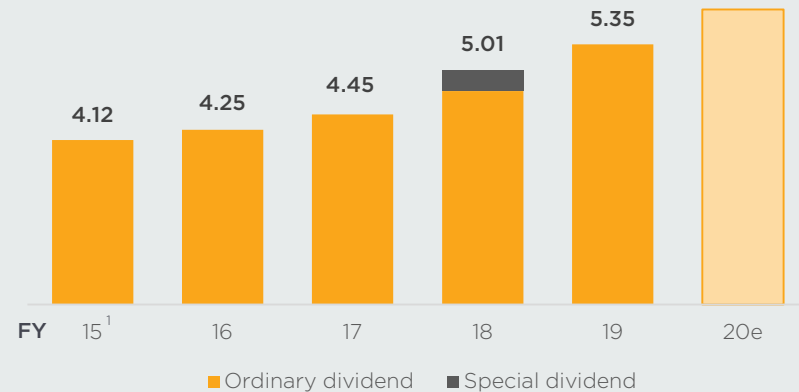
## Commentary

- 4Q dividend for FY19 of 1.45 cps declared:
  - Brings total dividend for FY19 to 5.35 cps, 7% up on the corresponding prior period
- Record date for entitlement is 12 June 2019, payment on 20 June 2019:
  - Ordinary dividend partially imputed with 0.10 cps of imputation credits and supplementary dividend of 0.045 cps payable for non-resident shareholders
- Current quarterly dividend is expected to be sustainable for FY20
- The business is continuing to perform well, with a growing base of recurring earnings underpinning performance

## Sector Challenges

- Labour supply, particularly in relation to nurses. The recent announcement of the addition of nurses to the long-term skills shortage is a welcome development
- Cost pressures in relation to wages and insurance. We are active with industry bodies to ensure funding levels fairly compensate increased wage costs
- Softened residential housing market, particularly in Auckland and Christchurch. We continue to monitor the impacts on the construction market and land prices

## Dividend (cents per share)



## Business Outlook

- The increasing build rate from development activities will deliver future growth in earnings and shareholder value. With a large development pipeline in place and a proven development capability, we are confident with our ability to deliver an increasing number of units
- Benefits of the Attitude of Living Well care model are now becoming embedded and will result in maintaining our high level of care occupancy and ability to charge premium rates. Strong net promoter scores show the delivery of care can be a real point of difference
- The increase in new units provides the platform for the sales team to deliver earnings growth through an increasing development margin contribution to underlying profit

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



# APPENDIX



# PORTFOLIO AT 31 MARCH 2019

	Village	Region	Villas	Apts	SA	CS	RH	H	D	FY20	FY21	FY22+ <sup>^</sup>
1	Kerikeri site	Kerikeri	-	-	-	-	-	-	-	-	30	250
2	Aria Bay	Auckland	-	34	17	-	37	-	-	-	-	117(37)
3	Aria Gardens	Auckland	-	-	-	-	42	91	20	-	-	-
4	Aria Park	Auckland	-	-	46	-	40	44	-	-	-	95(93)
5	Cascades	Hamilton	-	5	32	-	45	32	-	-	-	90
6	Lauriston Park	Cambridge	171	-	-	-	-	-	-	12	-	90
7	Views	Tauranga	-	-	-	-	30	38	20	-	-	-
8	Copper Crest	Tauranga	156	-	-	-	-	-	-	-	84	2
9	Glenbrae	Rotorua	78	-	26	-	17	21	-	10	8	4
10	Mary Doyle	Havelock North	158	48	38	8	26	60	64	12	9	-
11	Olive Tree	Palmerston North	95	-	48	-	28	-	17	-	-	-
12	Molly Ryan	New Plymouth	35	-	28	-	20	13	-	-	-	-
13	Waikanae Country Lodge	Kapiti	4	-	20	-	21	36	-	-	-	-
14	Lansdowne Park	Masterton	69	-	28	-	29	21	-	-	-	-
15	Village at the Park	Wellington	38	99	-	17	-	42	33	24	10	6
16	Ashwood Park	Blenheim	18	-	36	-	47	48	26	-	-	-
17	The Wood	Nelson	5	-	37	-	30	46	-	-	-	-
18	Oakwoods	Nelson	116	-	45	-	26	22	-	-	-	30
19	Waimea Plains	Tasman	-	-	-	-	-	-	-	38	32	205
20	Bainlea House	Rangiora	-	-	-	-	-	-	27	-	-	-
21	Bainswood on Victoria	Rangiora	-	-	-	-	26	32	-	-	-	-
22	Bainswood	Rangiora	4	-	14	-	26	-	-	-	-	-
23	Wendover	Christchurch	-	-	11	-	43	-	-	-	-	60
24	St Albans	Christchurch	-	-	53	-	-	18	-	25	20	-
25	Ilam	Christchurch	-	-	45	-	22	34	20	-	-	-
26	Mayfair	Christchurch	11	-	23	-	27	36	-	-	-	-
27	Maples	Christchurch	-	-	25	-	49	3	-	-	-	-
28	St Allisa	Christchurch	-	-	-	-	55	34	20	-	-	-
29	Park Lane	Christchurch	8	29	45	-	26	16	-	49	-	-
30	Rhodes on Cashmere	Christchurch	-	34	-	-	-	-	-	-	45	-
31	Strathallan	Timaru	51	-	47	-	10	46	20	-	-	-
	<b>TOTALS</b>		<b>1,017</b>	<b>249</b>	<b>664</b>	<b>25</b>	<b>722</b>	<b>733</b>	<b>267</b>	<b>170</b>	<b>238</b>	<b>949</b>

<sup>^</sup> Gross units expected to be delivered (expected decommissions shown in brackets). Subject to final investment decision approval.

# Arvida has a 50% interest in Village at the Park.



# RV VALUATION SUMMARY 31 MARCH 2019

\$'000						
Village	Region	Valuer	RV Valuation	Fair Value Movement	Discount Rate	Embedded Value
Aria Bay	Auckland	CBRE	34,350	3,245	14.50%	7,110
Aria Gardens	Auckland	-	-	-	-	-
Aria Park	Auckland	JLL	18,650	1,625	13.50%	10,003
Cascades	Hamilton	CBRE	14,950	600	14.25%	6,085
Lauriston Park	Cambridge	JLL	46,100	2,585	13.50%	39,502
Views Lifecare	Tauranga	-	-	-	-	-
Copper Crest	Tauranga	CBRE	56,500	11,921	14.00%	34,140
Glenbrae	Rotorua	CBRE	15,000	1,177	16.00%	11,969
Mary Doyle	Havelock North	CBRE	62,485	15,851	15.00%	45,569
Olive Tree	Palmerston North	CBRE	11,610	(687)	15.50%	10,661
Molly Ryan	New Plymouth	JLL	9,630	1,493	15.50%	6,162
Waikanae Country Lodge	Kapiti	CBRE	3,100	305	16.00%	1,292
Lansdowne Park	Masterton	JLL	20,760	2,202	13.75%	13,441
Ashwood Park	Blenheim	JLL	8,470	342	13.75%	3,240
The Wood	Nelson	CBRE	8,400	(294)	13.50%	3,024
Oakwoods	Nelson	JLL	35,925	2,252	13.25%	21,362
Bainlea House	Rangiora	-	-	-	-	-
Bainswood on Victoria	Rangiora	-	-	-	-	-
Bainswood	Rangiora	CBRE	1,700	(40)	15.50%	710
Wendover	Christchurch	CBRE	2,500	(170)	16.50%	658
St Albans	Christchurch	CBRE	14,900	(670)	14.50%	3,255
Ilam	Christchurch	JLL	10,725	170	12.25%	3,588
Mayfair	Christchurch	JLL	6,370	247	14.50%	5,676
Maples	Christchurch	JLL	4,280	(429)	15.50%	2,159
St Allisa	Christchurch	-	-	-	-	-
Park Lane	Christchurch	CBRE	24,750	1,114	14.50%	5,394
Rhodes on Cashmere	Christchurch	CBRE	25,150	2,233	15.00%	4,370
Strathallan	Timaru	JLL	16,120	3,104	15.00%	11,986
<b>Total for developed villages</b>			<b>456,915</b>	<b>48,175</b>		<b>251,356</b>
Waimea Plains	Richmond	CBRE	12,400	502	n.a	n.a
Kerikeri Site	Kerikeri	CBRE	14,375	9	n.a	n.a
<b>Total for consolidated villages</b>			<b>483,690</b>	<b>48,686</b>		<b>251,356</b>
<b>Joint Venture:</b>						
Village at the Park #	Wellington	CBRE	46,100	5,308	14.50%	22,951

# Arvida has a 50% interest in Village at the Park.





# VALUATION INPUTS FOR ILUs

\$'000 Village	No. of Units	Ave. Ingoing Price	Ave. Current Price	Valuer Growth Rate Assumptions					Ave. Resident Age	Tenure
				Yr 1	Yr 2	Yr 3	Yr 4	Yr 5+		
Aria Bay	34	879	925	0.00%	1.00%	2.00%	3.00%	3.50%	79.5	8.1
Aria Gardens	-	-	-	-	-	-	-	-	-	-
Aria Park	-	-	-	-	-	-	-	-	-	-
Cascades	5	472	619	0.00%	0.00%	1.00%	2.00%	3.50%	83.9	8.0
Lauriston Park	171	416	569	1.00%	1.25%	2.00%	2.75%	3.50%	79.2	8.8
Views	-	-	-	-	-	-	-	-	-	-
Copper Crest	156	538	701	0.00%	1.00%	2.00%	2.50%	3.50%	77.3	9.0
Glenbrae	78	270	389	0.50%	1.00%	1.50%	2.50%	3.00%	85.5	7.7
Mary Doyle	206	404	563	0.00%	1.00%	2.00%	2.50%	3.50%	83.4	8.3
Olive Tree	95	375	424	0.00%	0.50%	0.50%	2.00%	3.00%	81.8	8.4
Molly Ryan	35	336	423	1.00%	1.50%	2.00%	2.75%	3.30%	86.6	6.8
Waikanae Country Lodge	4	410	464	0.00%	1.00%	1.50%	2.00%	3.00%	82.4	8.2
Lansdowne Park	69	413	521	1.00%	1.50%	2.00%	2.75%	3.30%	81.5	8.0
Ashwood Park	18	298	336	1.00%	1.50%	2.00%	2.75%	3.30%	85.0	6.3
The Wood	5	437	516	0.50%	1.00%	2.00%	3.00%	3.50%	86.3	6.2
Oakwoods	116	385	479	1.00%	1.25%	2.00%	2.75%	3.50%	81.2	7.8
Bainlea House	-	-	-	-	-	-	-	-	-	-
Bainswood on Victoria	-	-	-	-	-	-	-	-	-	-
Bainswood	4	253	261	0.00%	1.00%	2.00%	2.50%	3.00%	85.6	6.9
Wendover	-	-	-	-	-	-	-	-	-	-
St Albans	-	-	-	-	-	-	-	-	-	-
Ilam	-	-	-	-	-	-	-	-	-	-
Mayfair	11	375	429	0.50%	1.00%	1.75%	2.50%	3.50%	83.6	6.5
Maples	-	-	-	-	-	-	-	-	-	-
St Allisa	-	-	-	-	-	-	-	-	-	-
Park Lane	37	580	589	0.00%	1.00%	2.00%	3.00%	3.50%	80.6	7.5
Rhodes on Cashmere	34	505	818	0.50%	1.00%	1.50%	3.00%	3.50%	84.2	8.2
Strathallan	51	373	463	0.50%	1.00%	2.00%	2.50%	3.30%	83.5	8.0
Waimea Plains	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Kerikeri Site	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Village at the Park #	137	436	534	0.5%	1.5%	2.0%	2.5%	3.5%	81.8	7.5

# Arvida has a 50% interest in Village at the Park.



# VALUATION INPUTS FOR SAs/CARE SUITES

\$'000 Village	No. of SAs	Ave. Ingoing Price	Ave. Current Price	Valuer Growth Rate Assumptions					Ave. Resident Age	Tenure
				Yr 1	Yr 2	Yr 3	Yr 4	Yr 5+		
Aria Bay	17	395	555	0.00%	1.00%	2.00%	3.00%	3.50%	90.6	4.4
Aria Gardens	-	-	-	-	-	-	-	-	-	-
Aria Park	46	453	561	1.00%	1.00%	1.50%	2.50%	3.50%	85.0	4.8
Cascades	32	309	389	0.00%	0.00%	1.00%	2.00%	3.50%	84.8	4.6
Lauriston Park	-	-	-	-	-	-	-	-	-	-
Views	-	-	-	-	-	-	-	-	-	-
Copper Crest	-	-	-	-	-	-	-	-	-	-
Glenbrae	26	193	231	0.00%	0.00%	1.00%	2.50%	3.00%	87.9	4.3
Mary Doyle	46	166	213	0.00%	1.00%	2.00%	2.50%	3.00%	87.2	4.5
Olive Tree	48	194	205	0.00%	0.50%	0.50%	2.00%	2.50%	88.6	4.3
Molly Ryan	28	196	218	1.00%	1.50%	2.00%	2.75%	3.30%	89.1	4.3
Waikanae Country Lodge	20	220	258	0.00%	1.00%	1.50%	2.00%	2.50%	84.7	5.0
Lansdowne Park	28	236	278	1.00%	1.50%	2.00%	2.75%	3.30%	86.9	4.8
Ashwood Park	36	192	203	1.00%	1.50%	2.00%	2.75%	3.30%	87.2	4.0
The Wood	37	207	227	0.50%	1.00%	2.00%	3.00%	3.50%	86.7	4.1
Oakwoods	45	238	260	1.00%	1.25%	2.00%	2.75%	3.50%	86.8	4.2
Bainlea House	-	-	-	-	-	-	-	-	-	-
Bainswood on Victoria	-	-	-	-	-	-	-	-	-	-
Bainswood	14	144	154	0.50%	1.00%	2.00%	2.00%	2.50%	88.8	4.3
Wendover	11	192	210	0.50%	1.00%	2.00%	3.00%	3.00%	88.9	4.3
St Albans	53	222	274	0.50%	1.00%	2.00%	3.00%	3.50%	88.3	4.4
Ilam	45	257	288	0.50%	1.00%	1.75%	2.50%	3.50%	87.1	3.9
Mayfair	23	240	274	0.50%	1.00%	1.75%	2.50%	3.50%	87.9	4.0
Maples	25	204	245	0.50%	1.00%	1.75%	2.50%	3.50%	88.8	4.2
St Allisa	-	-	-	-	-	-	-	-	-	-
Park Lane	45	241	265	0.50%	1.00%	1.50%	2.50%	3.00%	86.4	4.6
Rhodes on Cashmere	-	-	-	-	-	-	-	-	-	-
Strathallan	47	246	282	0.50%	1.00%	2.00%	2.50%	3.30%	85.7	4.0
Waimea Plains	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Kerikeri Site	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Village at the Park #	17-	240	254	0.50%	1.50%	2.00%	2.50%	3.00%	82.4	4.4

# Portfolio metrics presented as if a 100% interest held. Arvida has a 50% interest in Village at the Park.



# ADDITIONAL DISCLOSURE

## Sales Analysis excluding Village At The Park

FY19	Resales		New Sales	
	Units	\$000	Units	\$000
Villas / apartments	84	39,624	61	41,964
Serviced apartments	151	38,615	1	230
Care suites	3	565	1	175
<b>Total Sales</b>	<b>238</b>	<b>78,804</b>	<b>63</b>	<b>42,369</b>
Value \$m	78.8		42.4	
<b>Av. value per sale \$000</b>	<b>331</b>		<b>673</b>	
Gains \$m	18.7		7.3	
Margin %	24%		17%	



# DEFINITIONS

## **Underlying Profit (or Underlying NPAT)**

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

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

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

## **Resale Gain**

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

## **Development Margin**

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

Development costs include:

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

Development costs do not include:

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



# IMPORTANT NOTICE

## Disclaimer

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

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

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