ArvidaGroup

NZX RELEASE

ARVIDA DOUBLES HALF YEAR NET PROFIT

1H2019 Highlights

> **Net profit after tax of $30.5 million, up 111% on 1H18**
> **Underlying profit[1] of $17.9 million, up 45% on 1H18**
> **Continued high care occupancy above 95%**
> **165 total occupation rights sales, up 63% on 1H18**
> **Total resales of $42.1 million, up 51% on 1H18**
> **61 new units delivered, on track for delivery of 112 new units for FY19**
> **Annual delivery rate lifted to 200+ units in FY21**
> **Dividend of 1.3 cents per share declared for second quarter**

26 November 2018 – Retirement village and aged care operator Arvida Group Limited reported underlying profit of $17.9m for the six months ended 30 September 2018, a 45% lift on the prior corresponding period.

Arvida CEO Bill McDonald said the excellent result was driven by a combination of continued high care facility occupancy rates and full period contributions from acquisitions made last year.

Underlying profit included gains on the settlement of 165 sales of occupation rights during the period, a 63% increase on the same period last year.

Compared to the same period last year, a 74% lift in resale gains of $9.1 million was reported. This reflected 135 resales in the period, up 38%, and higher resale margins at 22%. The total resale price was 5% above the pricing independently assessed at 31 March 2018, highlighting continued momentum and demand for homes.

$17.3 million of new unit sales settled in the six-months to 30 September 2018 at a development margin of 16%.

The total value of assets for the Group grew to $1.2b at 30 September 2018, up 42% on the same period last year. Arvida has a portfolio of 1,909 retirement units and 1,743 aged care beds spread across 29 villages. Developments are in progress across nine sites currently.

Arvida reported care facility occupancy of 95.3% in September, which continues to be significantly higher than industry experience. Growth in bed numbers, premium fee revenue and high care occupancy underpin a strong recurring cash flow profile.

“A resident centred care focus is delivering benefits across the organisation” commented Mr McDonald. “Continued very high demand for our care services and accommodation is producing year on year growth in financial performance.”

[1] Underlying Profit is a non-GAAP unaudited financial measure and differs from NZ IFRS net profit after tax by replacing the fair value adjustment in investment 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.

A further two care facilities achieved 4-year certification in Ministry of Health audits performed during the period. Over half of Arvida's 26 care facilities have obtained this gold standard accreditation lengthening the average certification tenure to 3.54 years across the Group.

Development Milestones

Key development milestones were met with the delivery of the initial stages of the Living Well Park Lane development in Christchurch and the Aria Bay development in Auckland. A total of 61 new homes were delivered across four sites in the half.

Mr McDonald said, "we are on track to deliver 112 new homes this financial year, in line with guidance provided. This will be a significant milestone for the Group as the developments reflect the completion of the first of our major apartment projects since listing four years ago."

In August 2018 Arvida announced the purchase of 18 hectares of bare land in Kerikeri.

The site is well located to Kerikeri town centre and of a scale that allows a large master planned retirement village to be built providing 200 independent living villas, an 80 bed care facility together with community and recreational facilities. Planning and design are underway in preparation for lodging a resource consent application. Arvida's other greenfield development in Tasman is progressing well with the first stage of new homes to be delivered next year.

"With acquisition of the Kerikeri site, our future annual build rate increased to over 200 new homes from 2021" commented Mr McDonald.

The future development pipeline includes 1,385 units and beds to be built over the next 5-7 years.

Retirement villages have an increasingly important role to play in addressing New Zealand's housing supply commented Mr McDonald.

Outlook

Arvida continues to perform and is well positioned to deliver improved financial performance for the year underpinned by a growing base of recurring earnings.

A dividend of 1.3 cents (partially imputed) per share was declared for the September quarter to be paid on 20 December 2018. The record date for the dividend entitlement is 12 December 2018. The dividend is partially imputed at 0.25 cents per share. A supplementary dividend of 0.11 cents per share will be paid to non-resident shareholders.

- ENDS -

For more information contact:
Bill McDonald, Chief Executive Officer, Arvida Group Limited
Telephone: 021-270-3669 or email: bill.mcdonald@arvida.co.nz

Jeremy Nicoll, Chief Financial Officer, Arvida Group Limited
Telephone: 021-403-665 or email: jeremy.nicoll@arvida.co.nz

About Arvida:
Arvida is one of New Zealand's largest aged care providers owning and operating 29 retirement villages located nationally. Each village operates independently under a corporate structure that supports village operations to ensure quality and consistency of service. Arvida provides over 4,000 residents with a continuum of care that extends from independent living to full rest home, hospital and dementia-level care.

Arvida's growth strategy includes the acquisition of quality villages that meet strict acquisition criteria as well as the development of additional facilities at existing villages and targeted development of new villages in areas that are supported by a strong demographic and economic profile.

Arvida is listed on the NZX (NZX: ARV). Website: www.arvida.co.nz

Key statistics for the six months ended 30 September 2018

Unaudited	**6 Months Sept 2018**	**6 Months Sept 2017**
Total operating revenue ($m)	75.7	60.0
Net profit after tax ($m)	30.5	14.5
Underlying profit ($m)	17.9	12.4
Net operating cash flows ($m)	26.0	14.5
Total assets ($m)	1,202.9	847.3
Embedded value per unit ($)	142,000	126,000
Underlying profit per share (cents)	4.31	3.69
Six month dividend per share (cents)	2.60	2.30
Net tangible asset per share (cents)	115	98
Net implied value per share (cents)	132	119
Sale of Occupation Right Agreements		
New units (#)	30	3
Existing units (#)	135	98
Total units (#)	165	101
New units ($m)	17.3	1.2
Existing units ($m)	42.1	27.9
Total units ($m)	59.4	29.1
Asset Base		
Care beds (#)	1,743	1,442
Retirement living units[2] (#)	1,909	1,301
Total (#)	3,652	2,743
Needs-based composition (%)	67%	78%
Care Occupancy (%)	95%	96%
Development Pipeline – to be developed		
Care beds (#)	69	59
Retirement living units[2] (#)	1,316	865
Total (#)	1,385	924

[2] Includes care suite accommodation.