PRESENTATION OF HALF YEAR RESULTS

Arvida Group Limited

Six months ended 30 September 2020

24 November 2020

1H21 RESULT HIGHLIGHTS

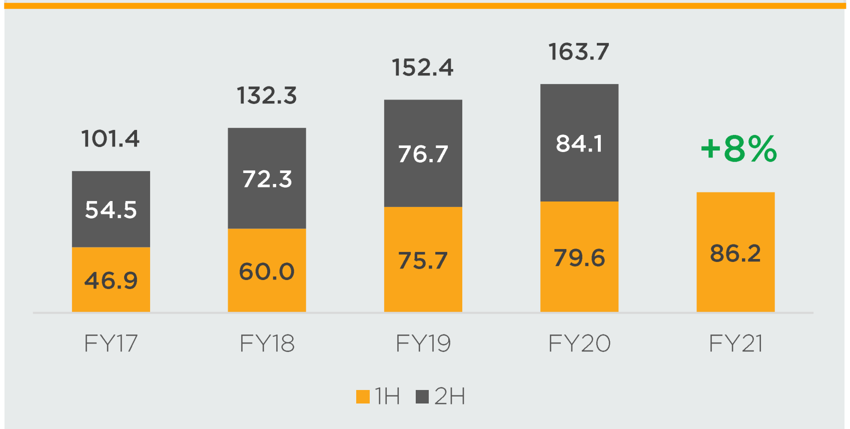
Continued underlying business performance throughout pandemic

- COVID-19 stringently managed with no positive cases recorded across residents and staff
- Revenue growth of 8%; strong DMF increase from FY20 acquisitions and new units added
- Net profit after tax of $41.8m; down $3.2m on prior corresponding period with some specific areas impacted by COVID-19
- Underlying Profit[1] of $20.5m; down $2.9m on prior corresponding period
- Assets now $2.0b on improved valuations, firm property market and new unit deliveries
- Construction programme delivered 48 new units, on target to deliver 247 for FY21
- New unit sales of $36.7m in period; up $2.4m on prior corresponding period
- Gross resale proceeds of $42.5m; down on lower unit resale volumes but higher prices
- Continued high care occupancy at 94% for the half; at 95% in September
- 21 of 25 care centres (84%) now attained gold standard 4 year Ministry certification
- Staff engagement survey recorded 95% staff give their best everyday

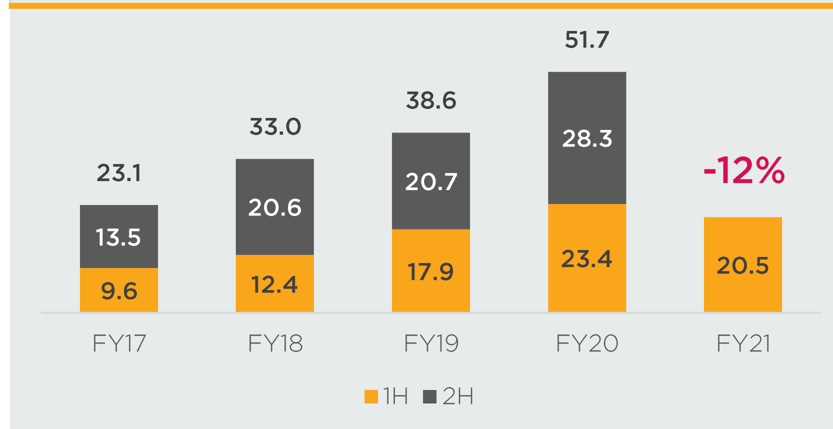
1. Underlying Profit is a non-GAAP unaudited financial measure and differs from NZ IFRS net profit after tax. A reconciliation to Reported Net Profit after Tax is provided in the financial section of this presentation and definition appended.

UNDERLYING FINANCIAL PERFORMANCE

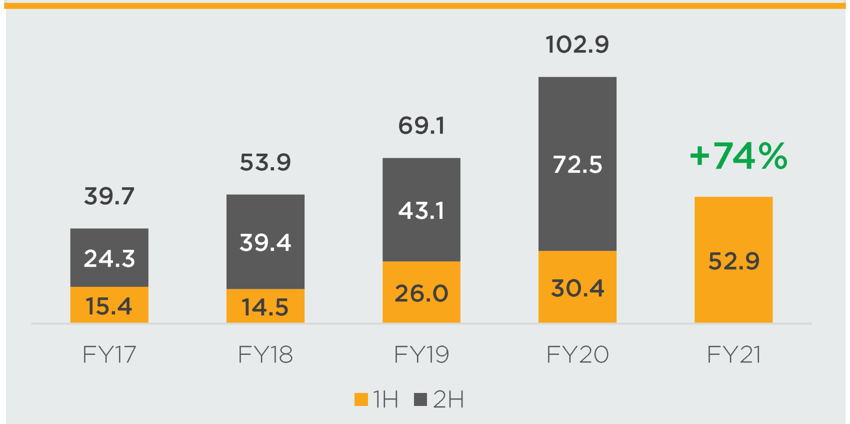
Revenue ($m)



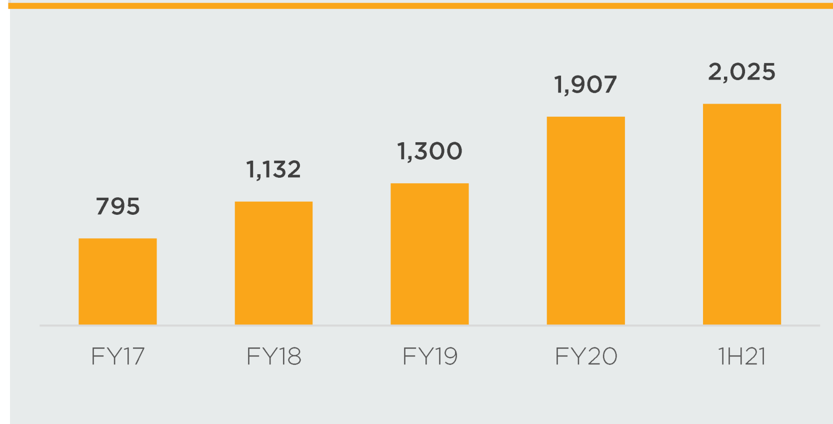
Underlying Profit[1] ($m)



Operating Cash Flow ($m)



Total Assets ($m)



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

COVID-19: OUR RESPONSE

Prevention

- Established pandemic panel at early stage comprising members of senior leadership team and expert advice from virologist Professor Lance Jennings
- Implemented risk management protocols ahead of Ministry of Health guidelines
- Thoroughly scrutinised and refreshed pandemic infection protocols
- Provided staff online learning resources, including additional pandemic training
- Regulated all new admissions to care centres
- Actively managed staff household bubbles to ensure high risk practices identified and ceased multi-site rostering
- Required temperature checks and health declarations for all visitors
- Lobbied for broader testing of at-risk residents and staff
- Part of RVA and NZACA sector response taskforce

Safeguard

- Group wide weekly virtual meetings of senior personnel and care teams
- Personal protective equipment (PPE) for staff, particularly when in close proximity
- Enhanced cleaning practices with antimicrobial cleaning product, including regular whole facility cleansing of care centres
- Maintenance of 24 hour security at all village access points
- Programmes & activities throughout lockdowns to aid with resident wellness
- Grocery shopping and food delivery services
- Activated vulnerable workers to perform regular resident wellness check-ins
- Provided regular resident and family communication updates on measures in place

Protect

- Early to secure $100m of additional bank debt capacity from existing syndicate
- Increased inventory of personal protective equipment and essential supplies
- Accessed $0.4m of Government wage subsidy scheme for trade builders and café workers only
- Lowered development guidance to preserve cash with focus on key care developments and broad acre sites where better able to adjust to market conditions quickly
- Paid wage bonuses to front line care staff to assist with workforce stability
- Maintained strong financial disciplines

COVID-19: THE EFFECTS

Sales activities

- Sales effectively ceased in level 4 lockdown as legal documentation could not be completed/incoming residents were unable to move in
- All sales personnel retained on full pay through this period
- Marketing was put on hold and open homes were not possible
- Sales personnel focused on communication with database prospects and assisting villages with existing residents
- Resumption of sales and marketing activity in May, with open homes possible at level 2
- June and July back to good levels of enquiry and sales applications
- August also remained steady leading up to level 3 restrictions in Auckland and level 2 elsewhere
- September sales at a normalised run rate
- Restricted access to care centres impacted serviced apartment sales
- Very challenging sales environment in variable alert levels over 1H21

Development activities

- Construction activity paused through the initial level 4 lockdown
- All construction personnel retained on full rates through this period
- Construction recommenced at all sites in May under adjusted H&S requirements
- Disruption to construction activities resulted in all developments running 4-6 weeks behind schedule
- Construction possible under level 3 restrictions in Auckland
- Incurred some one-off contractor costs from project extensions
- Some disruption in building material supply lines evident, but currently impact is expected to be immaterial to target FY21 completions
- Elevated construction costs persisting
- After initially reducing FY21 unit delivery guidance in uncertain outlook, construction activity has progressed well to anticipate delivery of 247 units

Operations & finances

- $2 per hour of additional pay to front line care staff during April-May lockdown
- Increase in employee leave entitlement on balance sheet with lower levels of leave taken
- Increased staff costs to cover no tolerance sick policy
- One-off bonus to senior village personnel
- Increased spend on cleaning, PPE and security
- Estimated $5m additional one-off operating costs incurred through April to June to ensure business continued to operate as an essential service ($4m of extra employment costs and $1m of extra cleaning, security and PPE)
- Partially offset through Government subsidy claims of $2m
- Costs normalised in July
- No material ongoing costs, assuming lower than level 2 maintained
- Lower occupancy through lockdown with restricted new admissions
- Positive cash flows over lockdown with development activity paused

COVID-19: FEEDBACK

"**Mum feels cared for, safe and loved by the wonderful staff - actually no words can really describe this.** Your staff and yourself are true gems and are sincerely appreciated by myself and all my family. Thank you."

"Thank you for this update and the confirmation that you remain free of COVID-19. It is such a challenging time for resthomes, and **we are very grateful for your incredible efforts at keeping our father and all your residents in the best health possible**."

"Mum, while we have missed each other terribly, has felt safe, had regular daily activities that she enjoys, the food is good and the kitchen staff lovely, she has taken on Daphne to look after (thank you), has seen movies and **feels she is informed - seeing videos and staff explaining what is happening with easy to digest information**. Thank you Arvida."

DEVELOPMENT ACTIVITY

Waimea Plains Stage One
8ha Richmond

PORTFOLIO CHANGES

- Changes to the portfolio were as a result of 48 units being delivered from development activities, all being independent living / villa units

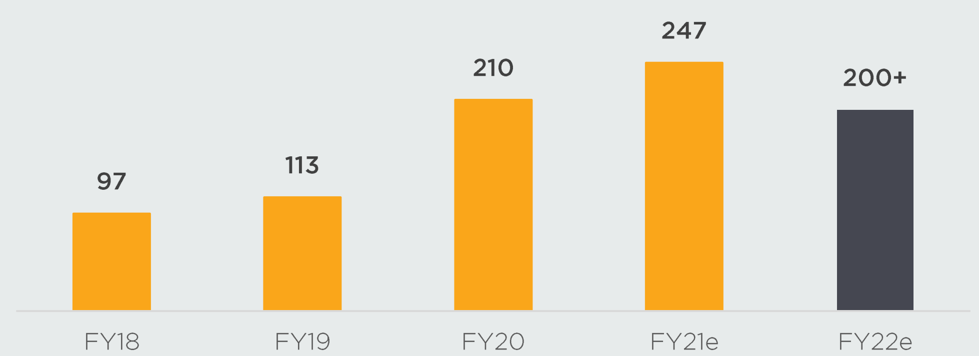
	Assisted Living		Independent Living		
	Beds	**SAs/Care Suite**	**ILUs**	**△**	**Total**
North Island	898	312	1,363	*+14*	2,573
South Island	792	373	473	*+34*	1,638
Total existing stock	**1,690**	**685**	**1,836**	***+48***	**4,211**
Brownfield	19	473	607		1,099
Greenfield	-	152	323		475
Development pipeline	**19**	**625**	**930**		**1,574**
Decommissions	(113)	(7)	-		(120)
Total built	**1,596**	**1,303**	**2,766**		**5,665**
Characteristics:	Standard (govt/privately funded) & PAC (premium charge) beds	Subject to ORA with DMF structure; care services delivered	Subject to ORA with DMF structure; weekly village levies and other service fees		Current portfolio is 56% needs-based accomm.

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

ON TARGET TO DELIVER 247 UNITS IN FY21

New Unit Delivery	1H21	Av. $000	*2H21e*	*FY21e*
Aria Bay			*59*	*59*
Copper Crest			*84*	*84*
Bethlehem Country Club	10	$877	*5*	*15*
Bethlehem Shores			*7*	*7*
Glenbrae	4	$468	*4*	*8*
Mary Doyle			*7*	*7*
Waimea Plains	25	$627	*-*	*25*
St Albans			*27*	*27*
Queenstown Country Club	9	$1,229	*6*	*15*
Total	**48**	**$779**	***199***	***247***

New Unit Delivery (units)



Commentary

- On track to deliver 199 units in 2H21 and 247 units for FY21, in line with meeting target delivery guidance of 200+ new units annually
- Through the level 4 lockdown period, all construction activity ceased. The recent return to level 3 in Auckland and level 2 nationally disrupted some on-site construction activity and building material supply lines, but no impact on current development programme
- Development activity continues to expand at the villages acquired in FY20 with 37 new villas targeted for FY21 delivery across these sites. Sales enquiry continues to be strong for these villages supporting the roll-out of further villas and amenity
- Construction is progressing well on care suite developments at Aria Bay and Copper Crest, both tracking to a FY21 delivery
- Construction at St Albans tracking ahead of schedule and is now to be delivered in FY21
- Resource consents received at Kerikeri and construction of 16 villas in stage 1 has commenced
- Design and procurement planning progressing on the care facility at Lauriston Park with a target construction start likely to be 2H21
- Construction of resident clubhouses at Waimea Plains and Queenstown Country Club will complete in 2H21 and 2H22 respectively

BETHLEHEM COUNTRY CLUB, TAURANGA
10 Villas completed: 3 sales settled 1H21,
3 sales settled 2H21 (to date), 4 contracted/in progress

WAIMEA PLAINS, RICHMOND
25 Villas completed: 3 sales settled 1H21,
5 sales settled 2H21 (to date), 4 contracted/in progress

GLENBRAE VILLAGE, ROTORUA
4 Duplex villas completed: 3 contracted/in progress

QUEENSTOWN COUNTRY CLUB, QUEENSTOWN
9 Villas completed; 6 sales settled 1H21,
2 contracted/in progress

SUSTAINABILITY OBJECTIVES

Sustainability Objectives

Arvida Board adopted a sustainability policy in FY20 that embraces the following key principles. Arvida commits to take all reasonable measures to operate and develop sustainably:

- Comply with all applicable statutory duties and regulatory requirements
- Mitigate and manage adverse impacts and risks of our business activities on the environment, whether natural or built
- Ensure continuous improvement in our social and environmental performance so we positively contribute to communities in which we operate

Bethlehem Shores wetland regeneration.

ESG Highlights

- Environmental: wetland regeneration, electric pool cars, communal gardens, recycling, Homestar 6 rating, energy efficiency (LED lighting, glazing and insulation), sustainable building materials sourced locally
- Social: wellness teams, design of households, community integration, finalists in NZACA awards for staff development, legendary service to care and food quality
- Governance: compliance with NZX Corporate Governance Code, developed materiality matrix, Refinitiv Top 100 Diversity & Inclusion Index constituent, FTSE Small Cap constituent

Wetland Regeneration

- Arvida recently completed regeneration of the wetland area at Bethlehem Shores – sits on around one hectare with remediation involving the movement of some 30,000m^3 of soil
- Walking tracks and viewing platforms to be constructed so residents able to enjoy the wetlands
- Signs of an increase in birdlife already apparent
- Next regeneration projects will be at Waimea Plains and Te Puna Waiora

UPDATE ON KEY DEVELOPMENTS

Te Puna Waiora
17ha Kerikeri
(commenced FY21)

ARIA BAY, AUCKLAND

Aria Bay

- Stage 1 – 59 care suites (40 dual use rooms; 19 dementia)
- Completion expected start of next year (4Q21)
- Residents to be transferred from old Aria Bay care building in January 2021, with daily bed rates continuing to apply to these residents
- Marketing programme to sell down remaining care suites
- Prices range from $200K-$250K
- Rooms range from 21-24sqm, from studio to separate bedroom with kitchen
- Innovative layout designed around small distinct households that become micro-communities for residents and staff

COPPER CREST CARE, TAURANGA

Copper Crest

- 55 care suites (44 dual use rooms; 11 dementia) & 29 apartments (1 and 2 bedroom)
- Completion expected start of next year (4Q21)
- Pre-launch marketing programme commenced
- Care suites range in size from 24-55sqm. Three choices of suites available:
  - Standard: 24sqm suite with ensuite
  - Premium: larger suite with kitchenette, ensuite, balcony/patio and outlook
  - Deluxe: Top of the line suite with full kitchen, separate lounge, living and bedroom, end unit with wraparound balcony/patio and outlook
- Innovative layout designed around small distinct households that become micro-communities for residents and staff:
  - Four households of 11 providing up to hospital level care
  - One household of 11 providing specialised dementia care
- Care suites priced at $200K-$500K
- Living Well apartments priced at $400K-$850K, with access to service packages

WAIMEA PLAINS, RICHMOND

Waimea Plains

- Stage 1 (26 villas & 12 townhouses) 38 sold down
- Stage 2 (25 villas) completed 1H21; 12 sold
- Stage 3 (20 villas) construction commenced; delivery 1H22
- Resident clubhouse due for completion December 2020

DEVELOPMENT PIPELINE OF 1,574 UNITS

DEVELOPMENT STAGING

BROWNFIELD DEVELOPMENT	UNITS		DESIGN	CONSENTING	CONSTRUCTION	SALES
Mary Doyle	7	Villas	●	●	●	●
Bethlehem Country Club	5	Villas	●	●	●	●
Bethlehem Shores	182	Villas, Apartments & Care	●	●	●	●
Queenstown Country Club	235	Villas, Apartments & Care	●	●	●	●
Glenbrae	12	Apartments	●	●	●	●
Copper Crest	86	Villas, Apartments & Care	●	●	●	●
St Albans	27	Care & Apartments	●	●	●	●
Rhodes on Cashmere	37	Care & Apartments	●	●	●	●
Aria Bay	116	Care & Apartments	●	●	●	●
Village at the Park	25	Villas	●	●	●	
Lauriston Park	81	Care & Apartments	●	●		
Lansdowne Park	50	Villas	●	●		
Cascades	130	Care & Apartments	●	●		
Aria Park	75	Care & Apartments	●	●		
Oakwoods	31	Apartments	●			
TOTAL BROWNFIELD	1,099					

GREENFIELD DEVELOPMENT	UNITS		DESIGN	CONSENTING	CONSTRUCTION	SALES
Waimea Plains	195	Villas, Apartments & Care	●	●	●	●
Te Puna Waiora	280	Villas, Apartments & Care	●	●	●	
TOTAL GREENFIELD	475					

TOTAL UNITS 1,574

FINANCIALS

REPORTED PROFIT (IFRS)

NZ$m	1H21	1H20	YoY change	FY20
Care & village service fees	65.9	64.1	*3%*	129.6
Deferred management fees	15.5	12.9	*21%*	29.0
Other revenue	4.8	2.6	*84%*	5.1
Total revenue	**86.2**	**79.6**	*8%*	**163.7**
Gain on acquisition of villages	0.0	3.7	*nm*	3.7
Changes in fair values	36.3	33.3	*9%*	20.0
Share of profit arising from JV (net of tax)	2.0	3.1	*(36%)*	2.8
Total income	**124.5**	**119.7**	*4%*	**190.2**
Operating expenses	(75.4)	(68.4)	*10%*	(139.6)
Depreciation	(3.0)	(2.8)	*12%*	(5.8)
Total expenses	**(78.4)**	**(71.2)**	*10%*	**(145.4)**
Operating profit	**46.1**	**48.5**	*(5%)*	**44.8**
Financing costs	(2.9)	(2.3)	*24%*	(4.1)
Impairment of goodwill	0.0	0.0	*nm*	(17.9)
One-off items	(0.0)	(0.5)	*(94%)*	(0.6)
Profit before income tax	**43.2**	**45.7**	*(6%)*	**22.2**
Income taxation	(1.4)	(0.7)	*82%*	20.4
Net profit after tax	**41.8**	**45.0**	*(7%)*	**42.6**

Commentary

- Revenue grew 8% to $86.2m on continuing core financial performance, full 6 months of FY20 acquired villages and $2m of Government subsidies
- DMF revenue was up 21% which reflected units added through development and acquisition and resale of units at higher prices
- Partial reversal of Covid-related assumptions applied by independent valuers at year end delivered $37.7m fair value increase. Some conservatism in valuers' assumptions still remains when compared to pre-Covid assumptions
- Operating expenses increased 10% compared to the same half last year reflecting a full six months of the acquired villages, $5m additional Covid-related costs and other cost increases in property rates, insurances and nurse wages
- Covid-related costs normalised in July with no material additional costs ongoing

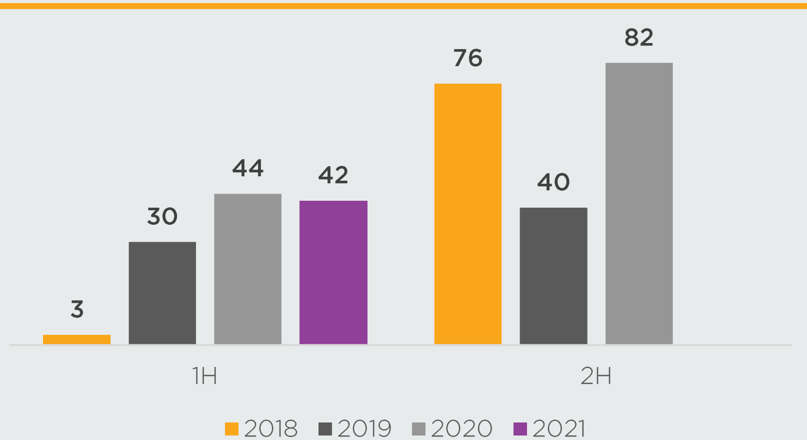
NEW UNIT ORA SALES

Sales Analysis[1]	1H21	1H20	YoY change	FY20
New Sales				
ILUs	41	43	*(5%)*	119
Serviced apartments	1	1	*nc*	7
Care suites	-	-	-	0
Total new units sold	**42**	**44**	*(5%)*	**126**
Value $m	36.7	34.3	*7%*	96.1
Av. value per new sale $000	**874**	**779**	*12%*	**763**
Development gain $m	5.0	5.2	*(4%)*	15.6
Adj. development margin %	14%	19%		18%

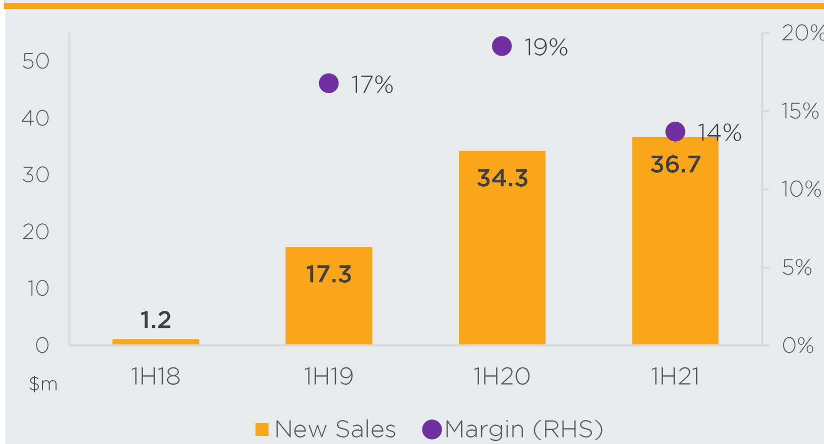
Commentary

- Settled sales of 42 new units in 1H21, generating development gains of $5.0m
- A further 26 sales settled 2H21 to date
- Gross value of new sales up 7% from 1H20, reflecting increased sale prices
- Average gross value per new sale settlement at $874k, up from $779k in 1H20
- Available new sale uncontracted stock is 5% of total ORA portfolio
- Continue to receive enquiry for new product

New Sale Volumes (units)



New Sales ($m) and Margins[2]



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

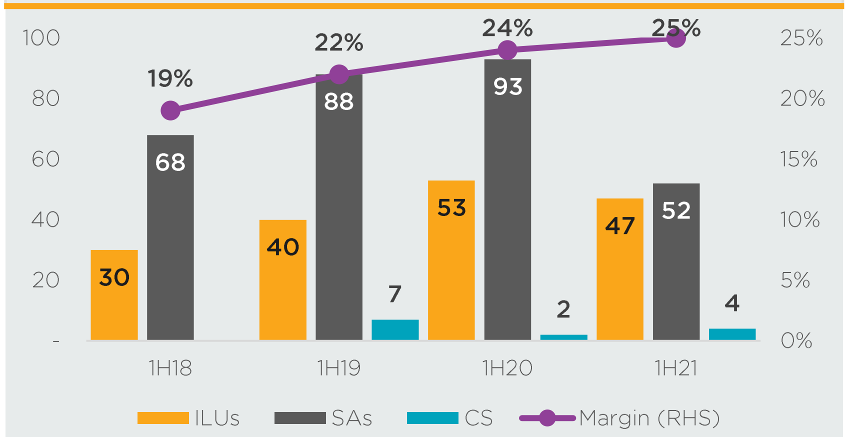
ORA RESALES

Resales Analysis	1H21	1H20	YoY change	FY20
Villas / apartments	47	53	*(11%)*	108
Serviced apartments	52	93	*(44%)*	164
Care suites	4	2	*100%*	6
Total resales	**103**	**148**	*(30%)*	**278**
Value $m	42.5	53.9	*(21%)*	104.8
Av. value per resale $000	**412**	**364**	*13%*	**377**
Resale gains $m	10.3	12.7	*(19%)*	23.7
Resale margin %	25%	24%		23%

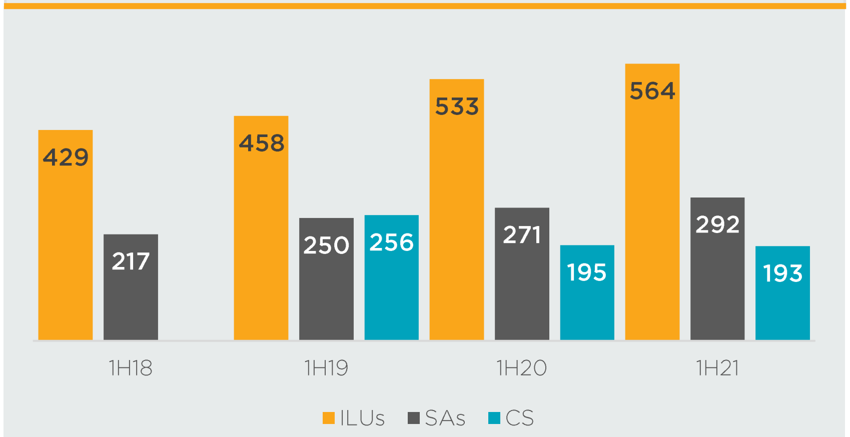
Commentary

- Resale of 103 units, 30% down on 1H20 mainly on lower serviced apartment resales from restricted access during lockdown periods
- Occupancy remains high, with 70 units available for resale
- Gross proceeds of $42.5m, with average value per resale up 14% to $412k reflecting lower serviced apartment resale volumes
- Realised $10.3m of resale gains on consistent resale margins of 25%
- Resale prices at 3% above the unit pricing assumed in 31 March 2020 independent valuations
- DMF realised on resales was $5.9m

Resale Volumes (units) 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.

UNDERLYING PROFIT RECONCILIATION

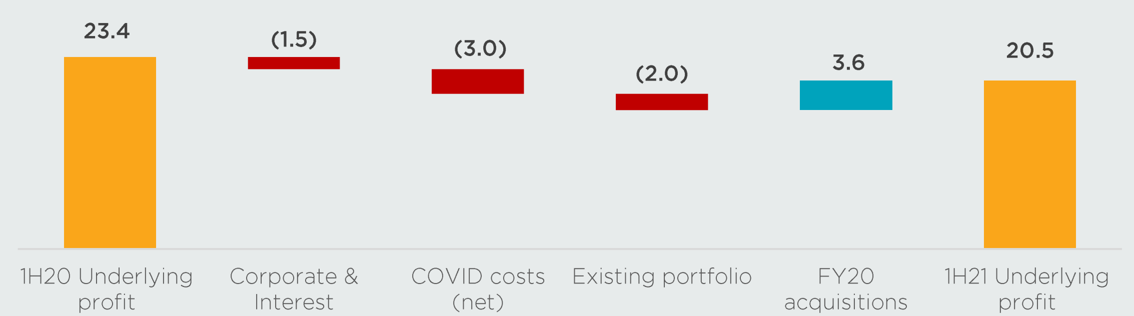
NZ$m (Unaudited)	1H21	1H20	YoY change	FY20
Net profit after tax	41.8	45.0	*(7%)*	42.6
Less: Change in fair values	(38.0)	(36.1)	*5%*	(22.1)
Add: Deferred tax	1.4	(0.2)	*nm*	(23.1)
Add: Impairment of goodwill	0.0	0.0	*nm*	17.9
Add: Gain on acquisition of villages	0.0	(3.7)	*nm*	(3.7)
Add: One-off costs[1]	0.0	0.5	*nm*	0.8
Underlying operating profit	**5.2**	**5.5**	*(4%)*	**12.4**
Add: Gains on resales	10.3	12.7	*(19%)*	23.7
Add: Gain on sale of new units	5.0	5.2	*(4%)*	15.6
Underlying profit[2]	**20.5**	**23.4**	*(12%)*	**51.7**

1. Non-operating one-off items relating to transactional activity.
2. Underlying Profit is a non-GAAP unaudited financial measure and differs from NZ IFRS net profit after tax. A definition is appended.

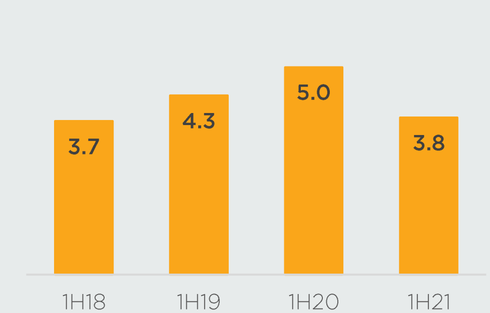
Commentary

- Underlying Profit decreased $2.9m to $20.5m primarily reflecting additional COVID-related expenditure and disrupted sales activity
- FY20 acquisitions contributed an additional $3.6m to the underlying profit from the prior corresponding period
- Disruption to sales activity impacted existing business and resulted in $3.8m less sales gains from the prior corresponding period

Movements in Underlying Profit (NZ$m)



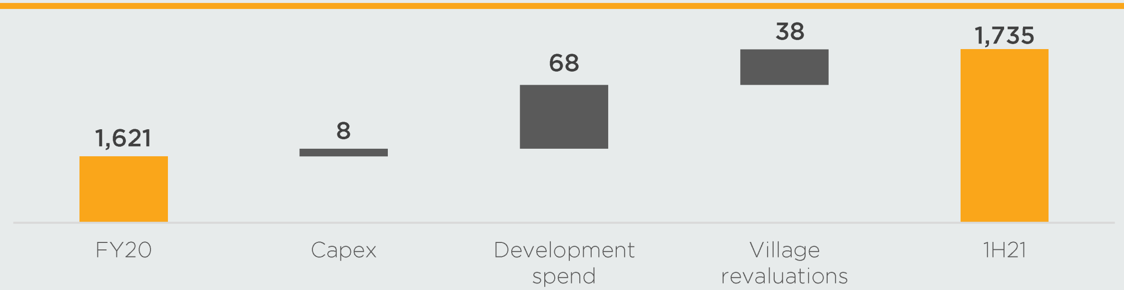
Underlying Profit (cents per share)



BALANCE SHEET

NZ$m	1H21	FY20
Cash and cash equivalents	8.2	4.2
Property, plant and equipment	183.7	183.2
Investment property	1,735.2	1,621.1
Investment in JV	27.3	25.9
Intangibles	36.0	36.0
Other assets	34.6	36.7
Total assets	**2,025.0**	**1,907.1**
External debt	358.2	312.5
Residents' loans	802.3	769.5
Deferred tax liability	5.1	3.6
Other liabilities	108.9	98.9
Total liabilities	**1,274.5**	**1,184.5**
Net assets	**750.5**	**722.6**

Movements in Investment Property (NZ$m)



Commentary

- Total asset base now $2.0b, with over $1.7b of investment property
- Desktop valuations of retirement villages completed by CBRE and JLL. Adjustments to key macro assumptions applied at year end partially reversed COVID-related valuation impacts. These changes included: partially decreasing discount rates; normalising unit growth rates in years one; and increasing unit pricing.
- The value of Investment Property increased $114m (vs FY20) as a result of:
  - $68m of development activity
  - $38m of fair value increases
- Total portfolio Embedded Value (EV) was up $21m since 31 March 2020 to $410m. On a per share basis, EV represents 76 cents per share, 5% increase on FY20
- EV is an indicator of the potential future cash flows from realised resale gains and deferred management fee receivables

CAPITAL STRUCTURE

NZ$m	1H21	1H20	YoY change	FY20
Investment property	1,735	1,548	*12%*	1,621
Less: ORA / DMF	(852)	(753)	*13%*	(813)
Retirement villages	883	795	*11%*	808
Add: Care facilities	196	201	*(2%)*	196
	1,079	996	*8%*	1,004
Add: Investment in JV	27	27	*0%*	26
Implied value	**1,106**	**1,023**	*8%*	**1,030**
Less: Net debt	(351)	(269)	*30%*	(309)
Net implied value	**755**	**754**	*0%*	**721**
Net implied value per share	$1.39	$1.39		$1.33

Commentary

- Total net debt of $351m includes development project work in progress of $135m, development land of $95m and inventory of $125m
- Extensions to the bank debt facility limit and tenure implemented in April 2020
- The facility limit is $475m split across four tranches with a weighted average tenure of 2.5 years
- The earliest expiry is a $100m tranche with an expiry date of October 2021
- Interest rate hedges at balance date equated to 25% of drawn debt. Hedges have weighted average maturity of 3.7 years and fixed rate of 2.2%
- Exploring potential retail bond issue to replace a portion of bank debt and provide funding diversity, subject to market conditions

Bank Debt Facilities

NZ$m	1H21	1H20	YoY change	FY20
Debt per accounts	358.2	273.4	*31%*	312.5
Plus: Capitalised costs	0.8	0.6	*33%*	0.5
Drawn debt	359.0	274.0	*31%*	313.0
Less: Cash	(8.2)	(5.1)	*61%*	(4.2)
Total Net Debt	**350.8**	**268.9**	*30%*	**308.8**
Gearing (ND / ND + E)	32%	27%		30%

Bank Covenants

	Actual	Covenant
Interest cover	1.9x	1.75x
Loan to value	36%	50%

- Waiver received to set interest cover covenant at 1.75x for 12 months ended 30 September 2020

CASH FLOWS

NZ$m	1H21	1H20	YoY change	FY20
Receipts from residents for care fees and village services	72.4	66.6	*9%*	132.6
Residents' loans from resales	40.7	48.8	*(17%)*	90.9
Residents' loans from new sales	38.3	18.4	*108%*	75.8
Repayment of residents' loans	(22.0)	(32.8)	*(33%)*	(62.9)
Payments to suppliers and employees	(73.7)	(67.1)	*10%*	(128.1)
Financing costs	(2.3)	(2.0)	*12%*	(3.4)
Taxation	(0.5)	(1.5)	*(67%)*	(2.1)
Net cash flow from operating activities	**52.9**	**30.4**	*74%*	**102.9**
Purchase of property, plant and equipment and intangible assets	(2.6)	(2.6)	*2%*	(6.1)
Payments for village acquisitions	0.0	(169.5)	*nm*	(179.0)
Purchase of investment properties	(75.0)	(63.1)	*19%*	(146.4)
Proceeds from sale of assets	0.0	0.0	*nm*	3.4
Capitalised interest paid	(3.1)	(2.4)	*34%*	(6.3)
Net cash flow from investing activities	**(80.7)**	**(237.6)**	*(66%)*	**(334.4)**
Net cash flow from financing activities	**31.8**	**207.7**	*(85%)*	**231.2**

Capital Expenditure	
NZ$m	**1H21**
Acquisitions	0.4
Purchase of furniture & fittings	1.5
Development capital expenditure	71.5
ILU refurbishment	2.2
SA unit refurbishment	0.9
Care facility refurbishment	0.4
General building works	1.7
Unit title buybacks	2.8
Adjustment for accruals	(0.7)
Total capital expenditure	**80.7**
Is represented by:	
Purchase of prop., plant & equip.	2.5
Purchase of investment property	75.0
Capitalised interest	3.2
Net cash from investing activities	**80.7**

STRATEGY AND OUTLOOK

Te Puna Waiora Villas
17ha Kerikeri

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

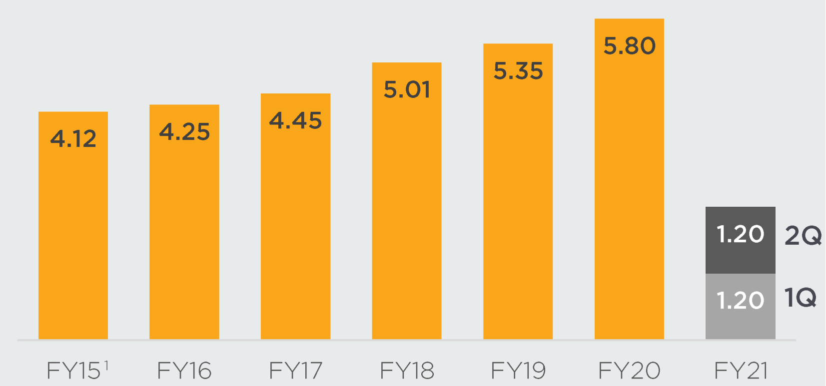
Deliver quality healthcare and wellbeing services to ageing communities by using our expertise and assets to explore new growth opportunities for the future of our business.

DIVIDEND AND OUTLOOK

Commentary

- 2Q dividend of 1.20 cps declared bringing the total dividend for 1H21 to 2.40 cps:
  - 63% of Underlying Profit, which is in line with the midpoint of the Board's target 50-70% payout range
  - Entitlement record date is 2 Dec, payment 10 Dec 2020
- No imputation credits attached and no supplementary dividend payable for non-resident shareholders
- To date the business has continued to perform in line with expectations, despite the COVID impacts on cost base and sales activity
- Dividend guidance for 2H21 will be provided in February

Dividend (cents per share)



Sector Challenges

- Economic and business disruption created by COVID expected to present ongoing headwinds and general uncertainty. Risk remains from potential further COVID outbreak
- Cost pressures in relation to nurse pay rates, insurance, property rates and PPE costs
- Sector funding and shortfalls to widening sector pressures
- Uncertain residential housing market particularly in the regions where COVID impacts may lag
- Possible impacts on the construction market, availability of skilled labour and disruption to supply lines
- Short term impacts on labour supply from continuing border closure

Business Outlook

- Business continues to perform well through challenging pandemic environment and differing alert level requirements
- Additional costs incurred during level 4 lockdown and level 3 substantially one-off. Some ongoing expense with higher PPE use and extra care centre cleaning
- Increased sales enquiry translating into applications and sales. Continued sales momentum expected so long as at level 1
- Development activities progressing ahead of early 2020 expectations delivering 247 units this year. Target of 200+ in FY22 reflects continued strong sales activity
- Acquisition opportunities continue to be assessed including well located greenfield land opportunities
- Good Friends pilot underway in Christchurch

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

APPENDICES

Queenstown Country Club

PORTFOLIO AT 30 SEPTEMBER 2020

	Village	Region	Villas	Apts	SA	CS	RH	H	D	Dev. Pipeline 2H21	Dev. Pipeline FY22+^	Dev. Split ILU	Dev. Split SA/CS	Dev. Split Beds
1	Te Puna Waiora	Kerikeri	-	-	-	-	-	-	-	-	280	200	80	-
2	Aria Bay	Auckland North	-	34	17	-	37	-	-	59	57 (37)	57	59	-
3	Aria Gardens	Auckland North	-	-	-	-	43	91	20	-	-	-	-	-
4	Aria Park	Auckland City	-	-	46	-	30	54	-	-	75 (93)	19	56	-
5	Cascades	Hamilton	-	5	32	-	42	32	-	-	130	88	42	-
6	Lauriston Park	Cambridge	183	-	-	-	-	-	-	-	81	15	66	-
7	Bethlehem Views	Tauranga	-	-	-	-	18	50	20	-	-	-	-	-
8	Copper Crest	Tauranga	156	-	-	-	-	-	-	84	2	31	55	-
9	Bethlehem Country Club	Tauranga	161	3	-	-	-	-	-	5	-	5	-	-
10	Bethlehem Shores	Tauranga	155	-	-	-	-	-	-	7	175	122	60	-
11	Glenbrae	Rotorua	82	-	36	-	13	28	-	4	8	12	-	-
12	Mary Doyle	Havelock North	172	48	38	8	26	64	60	7	-	7	-	-
13	Olive Tree	Palmerston North	95	-	41	-	22	14	17	-	-	-	-	-
14	Molly Ryan	New Plymouth	35	-	28	-	20	13	-	-	-	-	-	-
15	Waikanae	Kapiti	4	-	20	-	27	32	-	-	-	-	-	-
16	Lansdowne	Masterton	69	-	29	-	25	25	-	-	50	50	-	-
17	Village at the Park #	Wellington	38	123	-	17	-	42	33	-	25	25	-	-
18	Ashwood	Blenheim	18	-	35	-	47	48	26	-	-	-	-	-
19	The Wood	Nelson	5	-	37	-	30	47	-	-	-	-	-	-
20	Oakwoods	Nelson	116	-	45	-	22	26	-	-	31	-	31	-
21	Waimea Plains	Tasman	63	-	-	-	-	-	-	-	195	123	72	-
22	Bainlea House	Rangiora	-	-	-	-	-	-	27	-	-	-	-	-
23	Bainswood on Victoria	Rangiora	-	-	-	-	24	33	-	-	-	-	-	-
24	Bainswood	Rangiora	4	-	14	-	25	-	-	-	-	-	-	-
25	St Albans	Christchurch	-	21	57	-	9	10	-	27	-	1	7	19
26	Ilam	Christchurch	-	-	45	-	22	34	20	-	-	-	-	-
27	Mayfair	Christchurch	11	-	23	-	29	35	-	-	-	-	-	-
28	Maples	Christchurch	-	-	25	-	49	3	-	-	-	-	-	-
29	St Allisa	Christchurch	-	-	-	-	55	34	20	-	-	-	-	-
30	Park Lane	Christchurch	8	78	45	-	22	20	-	-	-	-	-	-
31	Rhodes	Christchurch	-	42	-	-	-	-	-	-	37	-	37	-
32	Queenstown Country Club	Queenstown	56	-	-	-	-	-	-	6	229	163	72	-
33	Strathallan	Timaru	51	-	47	-	10	45	20	-	-	-	-	-
	TOTALS		1,482	354	660	25	647	780	263	199	1,375	918	637	19

^ Gross units expected to be delivered (expected decommissions shown in brackets). Subject to final investment decision approval.
# Portfolio metrics presented as if a 100% interest held. Arvida has a 50% interest in Village at the Park.

ADDITIONAL DISCLOSURES

Care Operations NZ$m	1H21	1H20	FY20
Rest home fees	18.1	18.5	36.7
Dementia fees	7.7	7.5	15.1
Hospital fees	25.8	25.0	50.4
Premium fees	2.6	2.5	5.1
Other revenue	2.4	1.1	2.3
Care revenue	**56.6**	**54.6**	**109.6**
Serviced apartment fees	5.1	5.2	10.5
Total care revenue	**61.7**	**59.8**	**120.1**

Village Operations NZ$m	1H21	1H20	FY20
RV weekly fees	6.6	5.3	11.6
Deferred management fees	15.5	12.9	28.9
Other revenue	2.1	1.2	2.3
Operating revenue	**24.2**	**19.4**	**42.8**
Realised gains on resales	10.3	12.7	23.7
Realised development margin	5.0	5.2	15.6
Total village revenue	**39.5**	**37.3**	**82.1**

Village At The Park Sales Analysis				
1H21	Resales		New Sales	
	Units	$000	Units	$000
Villas / apartments	1	$560		
Serviced apartments	4	$1,900		
Care suites	2	$390		
Total Sales	**7**	**$2,850**	**0**	**0**
Value $m	2.9			
Av. value per sale $000	**407**			
Gains (100%) $m	0.5			
Margin %	17%			

Head Office NZ$m	1H21	1H20	FY20
Employee costs[1]	3.7	3.2	6.4
Other	1.8	1.4	3.0
Total expense	**5.5**	**4.6**	**9.4**
Capitalised wages	1.4	1.2	2.5

1. Includes $0.3m increase in annual leave provisions.

SUMMARY VALUATION ASSUMPTIONS[1]

ILU Unit Price Inflation	Yr1	Yr2	Yr3	Yr4	Yr5	Current Age
30 September 2020	0.1%	0.5%	2.1%	2.7%	3.4%	81 yrs
31 March 2020	(1.3%)	0.3%	2.1%	2.7%	3.4%	81 yrs

Serviced Apartment Unit Price Inflation	Yr1	Yr2	Yr3	Yr4	Yr5	Current Age
30 September 2020	0.4%	1.2%	2.0%	2.7%	3.3%	88 yrs
31 March 2020	0.1%	0.9%	2.0%	2.7%	3.3%	87 yrs

Discount Rate	
30 September 2020	14.5%
31 March 2020	14.6%

1. Calculated as a weighted average by unit number to assumption used by independent valuers.

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.

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