



# RETAIL BOND PRESENTATION

28 January 2021

ARRANGER &  
JOINT LEAD  
MANAGER



JOINT LEAD  
MANAGERS





# IMPORTANT INFORMATION

This presentation has been prepared by Arvida Group Limited (the “Issuer”) in relation to the offer of bonds described in this presentation (“Bonds”). The offer of the Bonds is made in the product disclosure statement dated 28 January 2021 (“PDS”), which has been lodged in accordance with the Financial Markets Conduct Act 2013 (“FMCA”). The PDS is available through [www.companies.govt.nz/disclose](http://www.companies.govt.nz/disclose) or by contacting ANZ Bank New Zealand Limited, Craigs Investment Partners Limited, Forsyth Barr Limited and Jarden Securities Limited as Joint Lead Managers or any other Primary Market Participant, and must be given to investors before they decide to acquire any Bonds. No applications will be accepted or money received unless the applicant has been given the PDS. Capitalised terms used but not defined in this presentation have the meanings given to them in the PDS.

The information in this presentation is of general nature and does not constitute financial product advice, investment advice or any recommendation by the Issuer, the Bond Supervisor, the Arranger, the Joint Lead Managers, or any of their respective directors, officers, employees, affiliates, agents or advisers to subscribe for, or purchase, any of the Bonds. Nothing in this presentation constitutes legal, financial, tax or other advice.

The information in this presentation does not take into account the particular investment objectives, financial situation, taxation position or needs of any person. You should make your own assessment of an investment in the Issuer based on the PDS and should not rely on this presentation. In all cases, you should conduct your own research on the Issuer and analysis of any offer, the financial condition, assets and liabilities, financial position and performance, profits and losses, prospects and business affairs of the Issuer, and the contents of this presentation.

This presentation contains certain forward-looking statements with respect to the Issuer. All of these forward-looking statements are based on estimates, projections and assumptions made by the Issuer about circumstances and events that have not yet occurred. Although the Issuer believes these estimates, projections and assumptions to be reasonable, they are inherently uncertain. Therefore, reliance should not be placed upon these estimates or forward-looking statements and they should not be regarded as a representation or warranty by the Issuer, the directors of the Issuer or any other person that those forward-looking statements will be achieved or that the assumptions underlying the forwarding-looking statements will in fact be correct. It is likely that actual results will vary from those contemplated by these forward-looking statements and such variations may be material.

The offer of Bonds is being made only in New Zealand. The distribution of this presentation, and the offer or sale of the Bonds, may be restricted by law in certain jurisdictions. Persons who receive this presentation outside New Zealand must inform themselves about and observe all such restrictions.

Nothing in this presentation is to be construed as authorising its distribution, or the offer or sale of the Bonds, in any jurisdiction other than New Zealand and the Issuer accepts no liability in that regard. The Bonds may not be offered or sold directly or indirectly, and neither this presentation nor any other offering material may be distributed or published, in any jurisdiction other than New Zealand where action is required for that purpose.

Application has been made to NZX for permission to quote the Bonds on the NZX Debt Market and all the requirements of NZX relating thereto that can be complied with on or before the distribution of the Terms Sheet have been duly complied with. However, NZX accepts no responsibility for any statement in this document. NZX is a licensed market operator, and the NZX Debt Market is a licensed market under the FMCA.

None of the Arranger, Joint Lead Managers nor any of their respective directors, officers, employees and agents: (a) accept any responsibility or liability whatsoever for any loss arising from this presentation or its contents or otherwise arising in connection with the offer of Bonds; (b) authorised or caused the issue of, or made any statement in, any part of this presentation; and (c) make any representation, recommendation or warranty, express or implied regarding the origin, validity, accuracy, adequacy, reasonableness or completeness of, or any errors or omissions in, any information, statement or opinion contained in this presentation and accept no liability (except to the extent such liability is found by a court to arise under the Financial Markets Conduct Act 2013 or cannot be disclaimed as a matter of law).

# AGENDA

1. Offer Highlights
2. Overview of Arvida
3. Financial Highlights
4. Funding and Security Structure
5. Offer Terms and Timetable
6. Appendices

**Presented by:**

Bill McDonald, Chief Executive Officer

Jeremy Nicoll, Chief Financial Officer



# OFFER HIGHLIGHTS

Issuer	Arvida Group Limited
Description of the Bonds	Secured unsubordinated fixed rate bonds ( <b>Bonds</b> )
Guarantee	Payments on the Bonds are guaranteed by Arvida Limited and all the subsidiaries of the Issuer (together “Arvida”) under a guarantee contained in the General Security Deed
Volume	Up to \$75m (with the ability to accept oversubscriptions of up to an additional \$50m)
Maturity	7 year Bonds maturing 22 February 2028
Quotation	The Bonds are expected to be quoted on the NZX Debt Market on 23 February 2021
Purpose	The proceeds of this Offer will be used for the purposes of repaying a portion of Arvida’s existing drawn bank debt, providing Arvida with some diversification of funding sources and tenor
Joint Lead Managers	ANZ, Craigs Investment Partners, Forsyth Barr, Jarden





# OVERVIEW OF ARVIDA



# OVERVIEW OF ARVIDA

## Arvida is one of New Zealand's larger owners and operators of aged care and retirement living

- Arvida was formed in 2014, listed on NZX in December 2014, and has grown significantly from the inception portfolio of 18 retirement villages to now have 33 locations across NZ

33

### LOCATIONS

20

Integrated retirement villages with co-located care centres

5

Standalone care centres

8

Standalone retirement villages

### PORTFOLIO

1,836

Independent Living Units

685

Assisted Living Units

1,690

Care Beds

### PIPELINE

918

Independent Living Units

637

Assisted Living Units

19

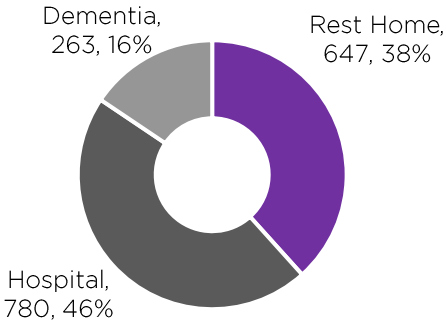
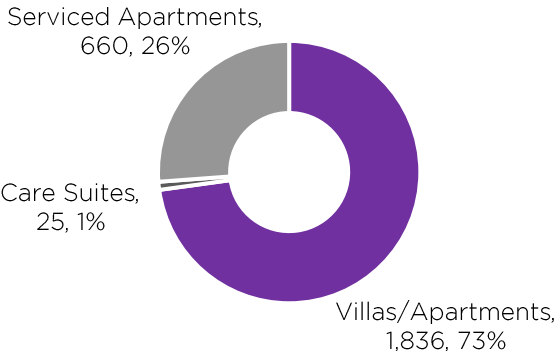
Care Beds



Village directory:  
[www.arvida.co.nz](http://www.arvida.co.nz)

# OVERVIEW OF CURRENT PORTFOLIO

- 56% of Arvida's current portfolio of 4,211 units certified for care services to be delivered to residents

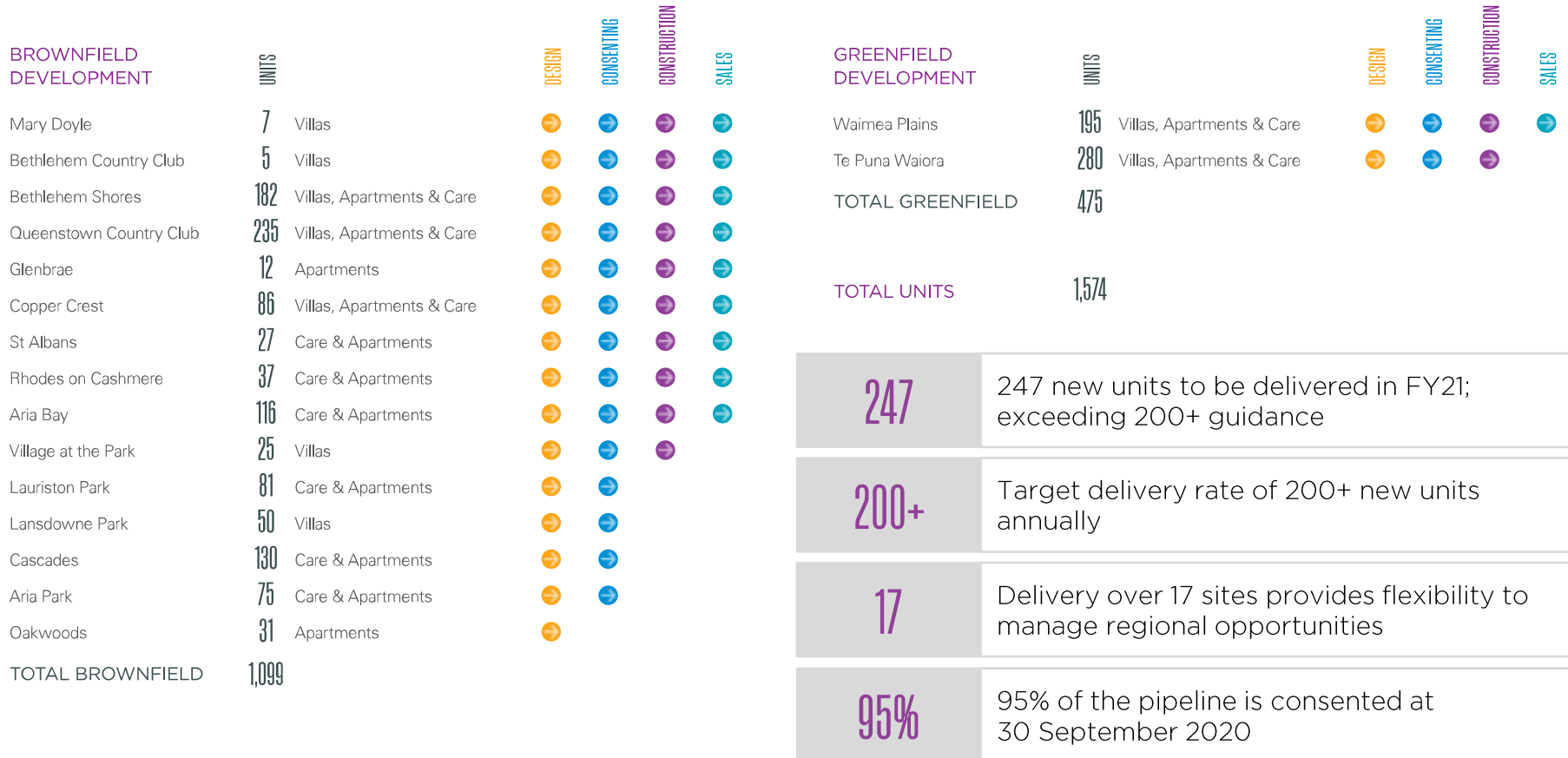
ACCOMMODATION TYPE	CHARACTERISTICS	KEY STRATEGY												
<p><b>Aged Care Beds (1,690 Beds)</b></p>  <table border="1"> <caption>Aged Care Beds Distribution</caption> <thead> <tr> <th>Category</th> <th>Count</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Rest Home</td> <td>647</td> <td>38%</td> </tr> <tr> <td>Hospital</td> <td>780</td> <td>46%</td> </tr> <tr> <td>Dementia</td> <td>263</td> <td>16%</td> </tr> </tbody> </table>	Category	Count	Percentage	Rest Home	647	38%	Hospital	780	46%	Dementia	263	16%	<ul style="list-style-type: none"> <li>■ Care centres comprise rest home, hospital or dementia beds, with some centres having 'swing' beds to offer rest home or hospital level care</li> <li>■ All care centres certified by Ministry of Health, with 84% of Arvida centres having the maximum of 4 year certification (and none having less than 3 years)</li> <li>■ Cash flows generated from Government or privately funded daily bed day rates to the specified care level; plus premium bed day rates (where possible)</li> </ul>	<ol style="list-style-type: none"> <li>1. Provide a continuum of care offering, allowing residents to move through the village and receive support as their needs change</li> <li>2. Add care at existing villages (under a 'care suite' model rather than the care bed model) to retain high needs-based composition</li> <li>3. Maintain a high standard of quality aged care services to preserve high occupancy and generate recurring stable cash flows</li> </ol>
Category	Count	Percentage												
Rest Home	647	38%												
Hospital	780	46%												
Dementia	263	16%												
<p><b>Retirement Village Units (2,521 Units)</b></p>  <table border="1"> <caption>Retirement Village Units Distribution</caption> <thead> <tr> <th>Category</th> <th>Count</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Villas/Apartments</td> <td>1,836</td> <td>73%</td> </tr> <tr> <td>Serviced Apartments</td> <td>660</td> <td>26%</td> </tr> <tr> <td>Care Suites</td> <td>25</td> <td>1%</td> </tr> </tbody> </table>	Category	Count	Percentage	Villas/Apartments	1,836	73%	Serviced Apartments	660	26%	Care Suites	25	1%	<ul style="list-style-type: none"> <li>■ Retirement units include all accommodation where an Occupation Right Agreement (ORA) is sold to an incoming resident</li> <li>■ Cash flows generated from entry payment for ORA; less exit payments (or development costs if a new unit) and resale costs</li> <li>■ Also receive weekly village fee levies plus other village services fees (if any) from independent units; or Government or privately funded daily bed day rates where care services are delivered (Serviced Apartments and Care Suites)</li> </ul>	<ol style="list-style-type: none"> <li>1. Invest in scale and quality adding value through brownfield development in existing villages (where possible)</li> <li>2. Develop greenfield villages that cater for future residents' needs and consider engagement with communities to promote retention of active links</li> <li>3. Maintain a future development pipeline that has the capacity to deliver 200+ new units annually</li> </ol>
Category	Count	Percentage												
Villas/Apartments	1,836	73%												
Serviced Apartments	660	26%												
Care Suites	25	1%												



# FUTURE DEVELOPMENT PIPELINE OF 1,574 UNITS

- A substantial future development pipeline of 1,574 new units expected to be added over the next 6-7 years, which comprises 918 (58%) independent living units, 656 (42%) assisted living units/care beds

## DEVELOPMENT STAGING







# OVERVIEW OF OUR PEOPLE

## Arvida's mission is to improve the lives of New Zealanders by transforming the ageing experience

- By investing in our people, we are driving great outcomes for residents (and their families) and staff

2,600

Almost 2,600 staff split between caregivers (1,279), registered nurses (273), other village, casual and support staff

85%

Staff engagement index

TOP 100

Included in Refinitiv Global Top 100 Diversity & Inclusion Index

4,750+

More than 4,750 residents, two-thirds living in retirement village units and having a current average age of 82 years

+54

Net Promoter Score – Village residents

+52

Net Promoter Score – Aged Care residents

Arvida developed customer-led model of care called **ATTITUDE OF LIVING WELL™** has brought about cultural change across the organisation, and has supported positive staff and resident outcomes



95%

High occupancy underpins care revenue, with the ability to vary premium fees in facilities with higher occupancy (compares to national average<sup>1</sup> of 91%)

84%

21 of 25 care centres have fully achieved the gold standard of four-year Ministry of Health certification (compares to national average<sup>2</sup> of 39%)

1. Reported by the industry body NZACA for the September 2020 quarter.  
2. Reported by BSI Group NZ, February 2020.



# 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.



# GREENFIELD PROJECTS

- Arvida has a proven brownfield development capability, managing projects across multiple sites to deliver a range of retirement living product. Construction of the first greenfield projects are in progress in Richmond and Kerikeri. Our intention is to acquire additional bare land for future greenfield development



## Waimea Plains | Richmond

- Acquired 8.2 hectares of bare land for \$11m, August 2018
- Stage 1 comprising 28 ILUs completed in 2H20 (100% sold)
- Stage 2 comprising 25 ILUs completed 1H21 (68% sold)
- Residents' clubhouse completed and opened December 2020
- Stage 3 comprising 20 ILUs commenced. Due to complete 1H22

On completion, Waimea Plains expected to have 258 units offering a mix of villas, townhouses and care suites along with resident and community facilities

*Boundary shown is indicative only.*





# CARE SUITE PROJECTS

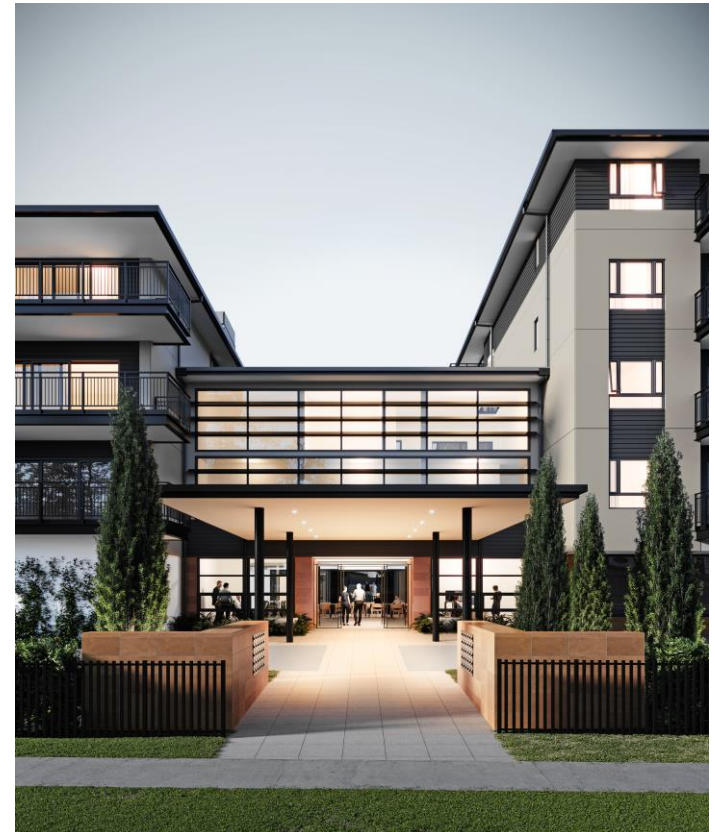
- Two care suite developments complete this quarter: Aria Bay in Auckland; and Copper Crest in Tauranga. Arvida's strategy is to build care in villages to provide residents with certainty that care services are available
- For villages with a premium retirement village offering, demand dictates the integrated care facilities are of commensurate quality and to a higher specification than traditional care beds

## Aria Bay | Auckland >>>

- Part of planned site redevelopment
- Stage 1 adds 59 care suites (including 18 dementia)
- Stage 2 will add 57 apartments
- Residents from existing adjacent care building relocated into the new centre in January 2021 making way for Stage 2 to commence

## Copper Crest | Tauranga

- Construction of new care and apartment building provides continuum for residents
- Building comprises 29 serviced apartments and 55 care suites in five households, including one dementia household
- Completing March 2021 with a pre-sales programme underway



Artist impression of Aria Bay.



# LIVING WELL COMMUNITIES

- New villages are being developed to better integrate with the community – Arvida’s ‘outwardly facing community concept’ helps make that connection to the community by creating a neighbourhood with a range of hospitality, health and recreational facilities

## Park Lane | Christchurch >>>

- A Living Well community
- Apartment development recently completed
- Construction in progress on first Wellness Centre concept that will include a range of services and amenity for use by both residents and community as Good Friends members
- Due for completion March 2021



Artist impression of Wellness Centre concept.



Stage 1 of Park Lane comprising 29 Living Well apartments, completed in FY19.





# SUSTAINABILITY OBJECTIVES

The Arvida Board adopted a sustainability policy in FY20 that embraces the following key principles

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

## ESG highlights to date:

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



*Bethlehem Shores wetland regeneration.*

## 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<sup>3</sup> of soil
- Walking tracks and viewing platforms to be constructed so residents are 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

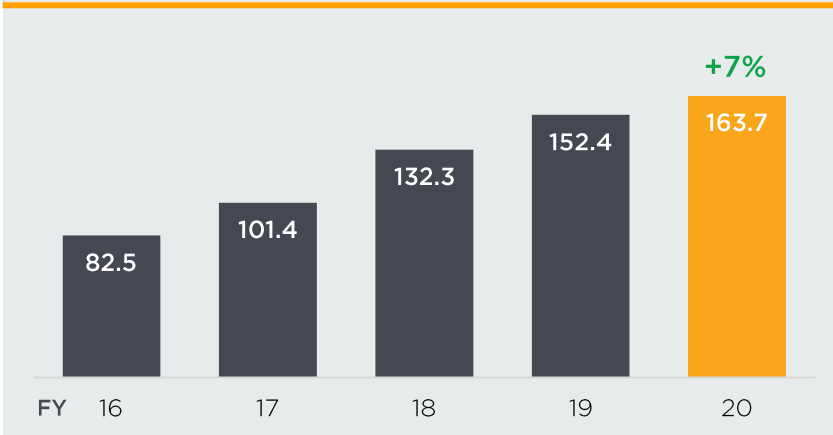


# FINANCIAL HIGHLIGHTS

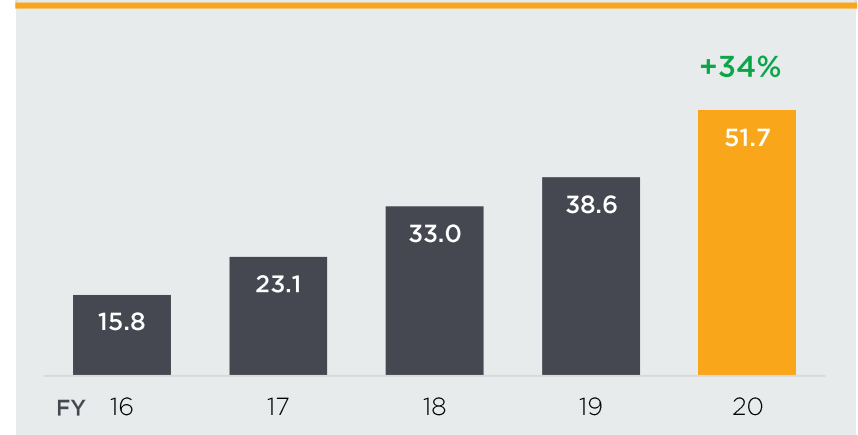
Stage 1 villas at Waimea Plains

# CONTINUED UNDERLYING GROWTH

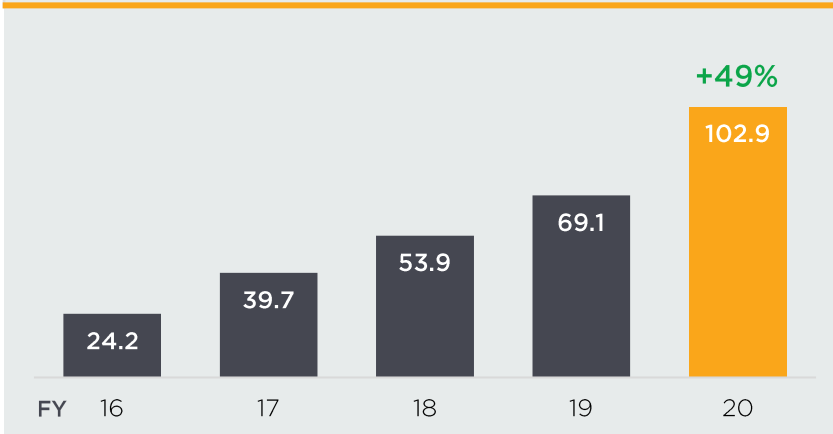
### Revenue (\$M)



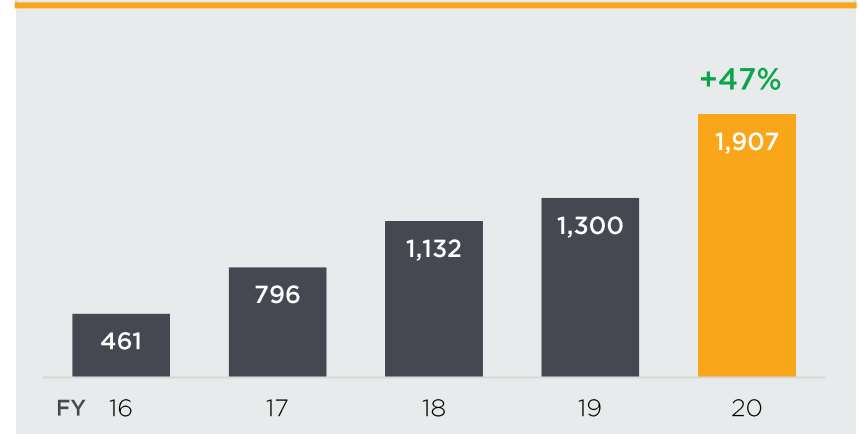
### Underlying Profit<sup>1</sup> (\$M)



### 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 Issuer's Annual Reports. A definition of Underlying Profit is appended.



# 1H21 RESULT HIGHLIGHTS

## Continued underlying business performance throughout pandemic

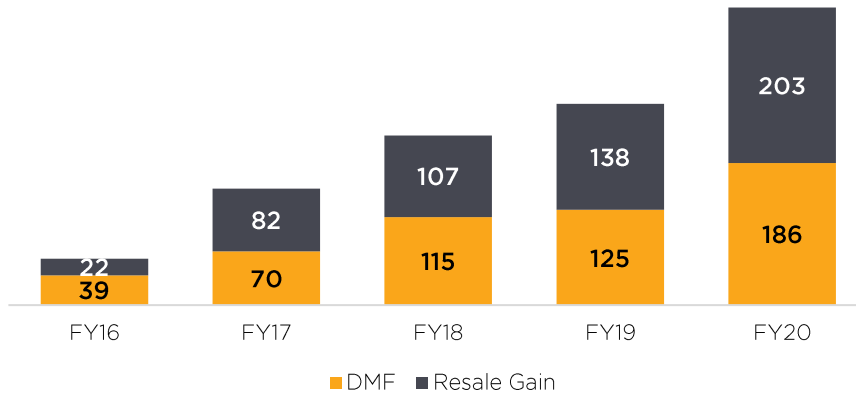
- COVID-19 stringently managed with no positive cases recorded across residents and staff
- Revenue growth of 8%; strong DMF increase from FY20 acquisitions and new units added
- Net profit after tax of \$41.8m; down \$3.2m on prior corresponding period with some specific areas impacted by COVID-19
- Underlying Profit<sup>1</sup> 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 year; at 95% in September
- 21 of 25 care centres (84%) now attained gold standard 4 year Ministry of Health 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 Issuer's Annual Reports. A definition of Underlying Profit is appended.

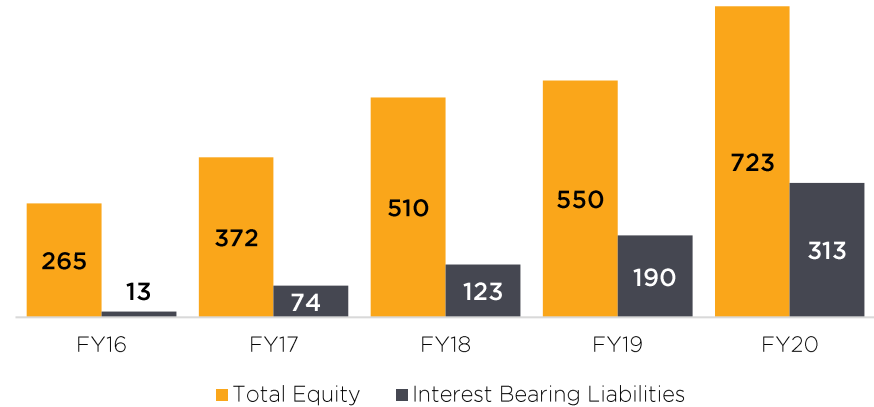


# EMBEDDED VALUE AND GEARING

Embedded Value<sup>1</sup> (\$M)



Total Equity and Interest Bearing Liabilities (\$M)



- Arvida villages located in areas with favourable demographics that support high median house prices and strong resale margins of 20-25%
- Embedded value tends to grow as each village matures
- Embedded value is an indicator of the potential future cash flows from realised resale gains and deferred management fee receivables
- At 30 September 2020, Embedded Value had increased \$21m since 31 March 2020 to \$410m

- Total debt has increased with a more active development programme
- Development becoming greater focus of growth with development and construction capabilities established
- Internal construction capability at Tauranga, Queenstown and Kerikeri
- Total equity at 30 September 2020 increased to \$751m and drawn bank debt was \$359m

1. Embedded Value is a non-GAAP financial measure and is an indicator of the potential future cash flows from realised resale gains and deferred management fee receivables.





# TRACK RECORD ESTABLISHED

<b>Year ended 31 March</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Number of villages	21	26	29	29	32
Care beds	1,246	1,446	1,743	1,722	1,688
Retirement living units	908	1,301	1,850	1,955	2,475
New sales of occupation rights (units)	20	32	79	70	126
Resales of occupation rights (units)	149	166	216	258	278
Total sale of occupation rights (units)	169	198	295	328	404
Total delivered (units)	32	5	97	113	210
Development pipeline (units)	225	907	1,099	1,357	1,683
Total revenue (\$M)	82.5	101.4	132.3	152.4	163.7
Net profit after tax (\$M)	24.0	53.7	57.6	59.1	42.6
Underlying profit <sup>1</sup> (\$M)	15.8	23.1	33.0	38.6	51.7
Net operating cash flow (\$M)	24.2	39.7	53.9	69.1	102.9
Total assets (\$M)	460.7	795.8	1,132.4	1,299.6	1,907.1
Total equity (\$M)	264.8	371.6	510.5	549.7	722.6
Underlying profit (cps)	6.1	7.7	8.9	9.3	10.2
Dividend (cps)	4.3	4.5	5.0	5.4	5.8
Net tangible assets (cps)	82.6	95.9	109.9	119.8	126.7

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 Issuer's Annual Reports. A definition of Underlying Profit is appended.



# FUNDING & SECURITY STRUCTURE

Resident Clubhouse at Bethlehem Shores

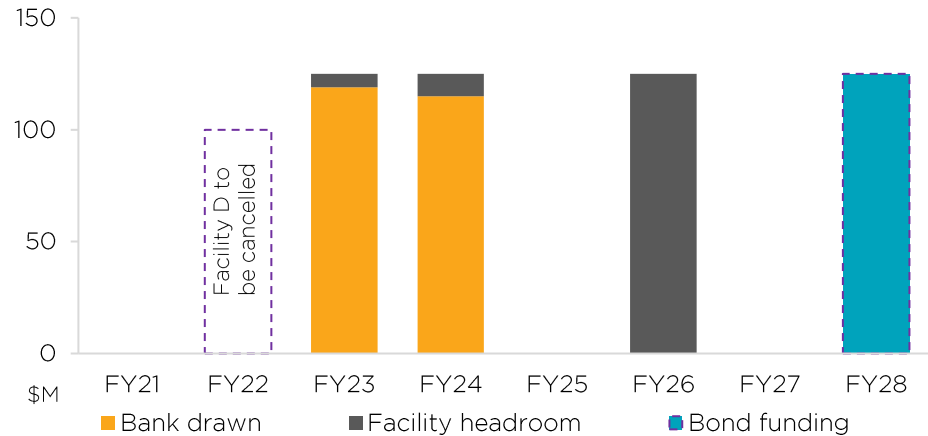


# PURPOSE OF DEBT AND USE OF PROCEEDS

Debt primarily used to fund new land purchases, new village development and (in combination with new equity issuance) the purchase of villages

- Proposed Bond issue will provide:
  - Diversification of funding sources
  - Increase Arvida’s debt maturity profile to 3.8 years<sup>1</sup>; current weighted average debt maturity equals 2.2 years
- Proceeds of Bond issue to be used for the purpose of repaying a portion of Arvida’s existing drawn bank debt
- \$100m Facility D with expiry October 2021 to be cancelled
- Arvida enjoys strong banking relationships with its lenders with a current \$475m bank facility limit available (to be reduced to \$375m following cancellation of Facility D)

Debt Maturity Profile (post Bond issuance)<sup>1</sup>



As at 30 September 2020 (\$M)

Drawn debt	\$359M
Facilities limit	\$475M
Facilities headroom	\$116M
Cash and cash equivalents	\$8M
Banking syndicate	ANZ and BNZ

1. As at 28 January 2021 assuming a 7 year \$125m Bond issuance.



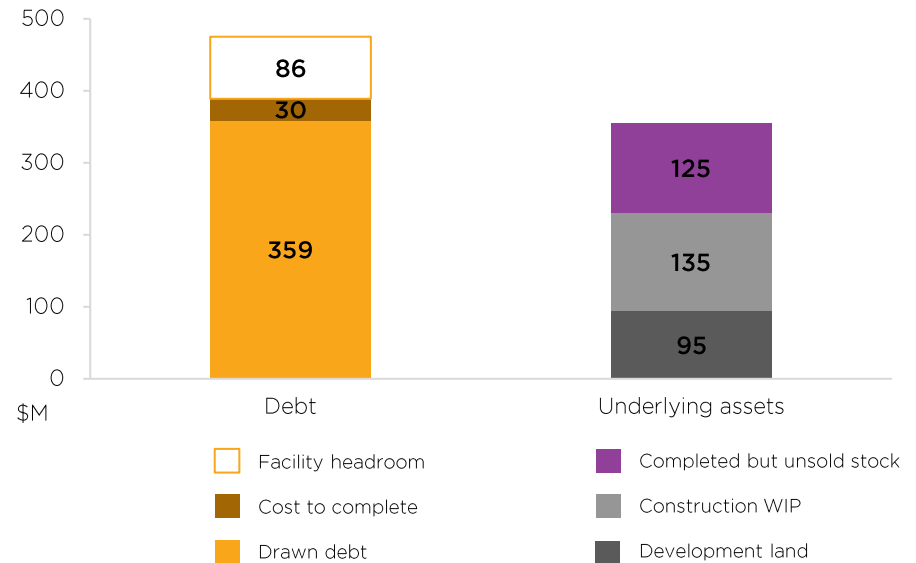


# COMPOSITION OF DRAWN DEBT

## Debt holders supported by core earnings generation in addition to development asset backing

- Development debt is repaid using proceeds from the first time sale of newly developed units:
  - Development activity typically occurs over multiple sites
  - At 30 September 2020, \$30m of costs to complete fixed obligation contracts in progress
  - Ability to manage development of villa construction to meet demand
- Acquisition debt is repaid through cash flows generated from the existing operations acquired, resale of existing units and cash flows generated from development opportunities

Debt + Cost to Complete (as at 30 September 2020)



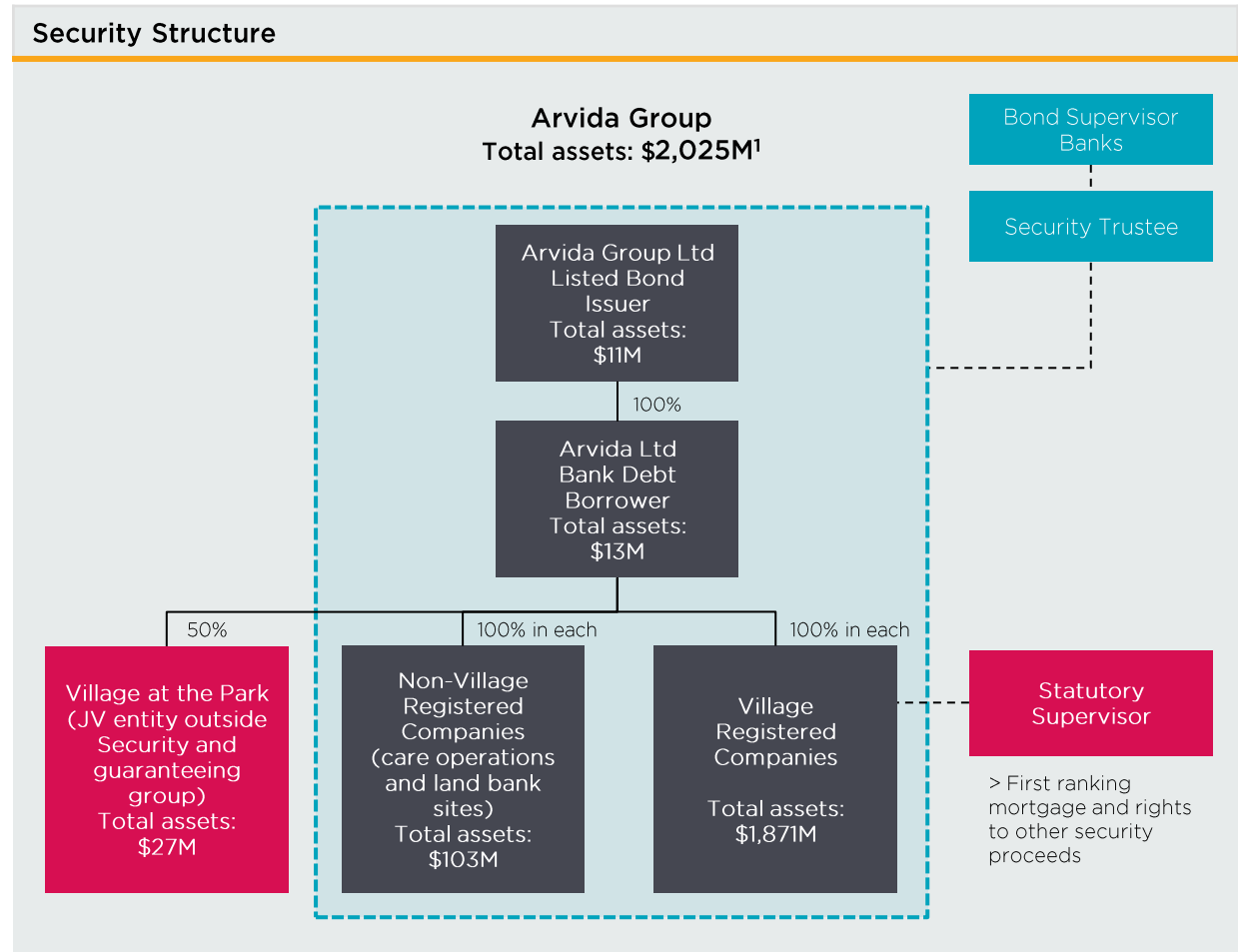
- In the event of financial difficulties, Arvida can:
  - Reduce debt by slowing development
  - Rely on core earnings
  - Sell undeveloped land
  - Sell villages or care facilities as a going concern



# SECURITY STRUCTURE

## Listed entity Arvida Group Limited is the issuer of the Bonds

- Arvida Limited, which is a 100% owned subsidiary, is the borrower under bank facilities
- Bonds share the Security on an equal ranking basis with Arvida's bank lenders under the Security Trust Deed



1. Amounts stated as at 30 September 2020.



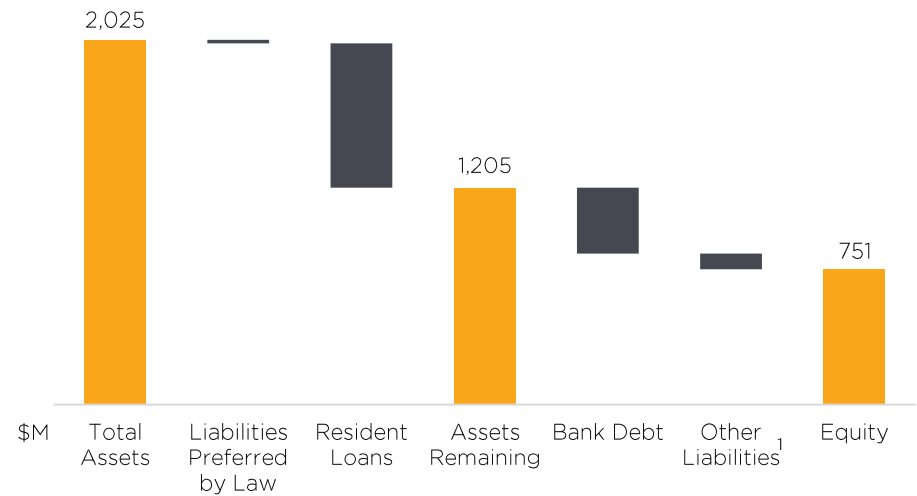


# SECURITY AVAILABLE

## Assets of \$1,205m available as security excluding residents' loans

- Total assets at 30 September 2020 of \$2,025m
- Total assets equal total equity plus:
  - Residents' loans payable back to existing residents
  - Other liabilities including deferred tax liabilities, deferred management fees not yet recognised as income and unsecured creditors
  - Interest bearing liabilities
- Assets of \$1,205m after deducting amounts preferred by law, and amounts owed to Registered Retirement Village residents and Statutory Supervisors
- The New Zealand Guardian Trust Company Limited is the Bond Supervisor
- Security Trustee is NZGT Security Trustee Limited

Financial Position at 30 September 2020 (\$M)



1. Other Liabilities include trade and other payables, revenue received in advance and deferred tax liabilities.



# SECURITY DESCRIPTION

## The Bondholders share the security on an equal ranking basis with bank lenders

- The Statutory Supervisors' mortgages over Retirement Village Land ranks in priority for the protection of residents' rights but does not give the Statutory Supervisors discretion to demand repayment of the residents' loans
- The Bonds share security provided by Arvida on an equal ranking basis with Arvida's bank lenders as per the Security Trust Deed
- The security ranking of the Bonds and bank lenders is outlined below

Classification	Assets	Security <sup>1</sup>
Operator Guarantors	Land and permanent buildings	Second ranking mortgage (behind a first mortgage in favour of the Statutory Supervisor <sup>2</sup> )
	Other assets	General Security Deed <sup>3</sup> (Statutory Supervisor has first rights to proceeds of enforcement) and also generally holds general security (ranking below the General Security Deed) over the assets of the Operator Guarantors <sup>2</sup>
Other Guarantors and Issuer	All assets (including any land and permanent buildings, and other assets)	First ranking mortgage and General Security Deed <sup>3</sup>

1. Subject to the rights of creditors preferred by law (for example, employee PAYE taxes).

2. The rights of New Zealand retirement village residents under an Occupation Right Agreement are protected by the security held by the Statutory Supervisor. This ensures that if a Registered Retirement Village in New Zealand has financial problems, the residents' rights to continue to occupy their retirement units are protected, and the residents' rights to receive their repayment sums are protected.

3. The interests of certain other creditors may also rank ahead of the Bonds and Arvida's bank lenders.



# LOAN TO VALUE RATIO COVENANT

## Arvida Board maintains a conservative approach to balance sheet gearing

- Bond Loan to Value Ratio (LVR) covenant is calculated in the same way and has the same limit as the bank LVR covenant at 50%
- Banks have a broader covenant package including a minimum interest cover ratio
- Bondholders benefit from cross default provisions

### Bank Debt Facilities (\$M)

	FY19	FY20	1H21
Gearing (ND / ND + E)	25%	30%	32%
Bank LVR (covenant 50%)	28%	35%	36%

- Key terms of Bond LVR covenant:
  - LVR must not exceed 50%
  - If there is a breach of the LVR:
    - i. Arvida must, within 6 months of the date of a semi-annual compliance report being delivered setting out that breach, remedy the breach or (if not remedied within 6 months) give notice to the Bond Supervisor within 20 business days after such date of its plan to remedy the breach (by selling assets, effecting a capital restructuring and/or other action); and
    - ii. if the breach is not remedied within 6 months of the date of that notice, an Event of Default will occur
- The distribution stopper on the Bonds does not apply to a breach of the Bond LVR covenant unless that breach becomes an Event of Default



**OFFER TERMS &  
TIMETABLE**





# KEY TERMS OF THE OFFER

<b>Issuer</b>	Arvida Group Limited
<b>Description of the Bonds</b>	Secured, unsubordinated, fixed rate bonds
<b>Guarantee</b>	Payments on the Bonds are guaranteed by Arvida Limited and all the subsidiaries of the Issuer (together “Arvida”) under a guarantee contained in the General Security Deed
<b>Security</b>	Bondholders will share the benefit of the same security package as Arvida’s banks and hedge providers on a pro rata basis under the Security Trust Deed
<b>Offer amount</b>	Up to \$75m (with the ability to accept oversubscriptions of up to an additional \$50m)
<b>Issue price</b>	\$1.00 per Bond, being the Principal Amount of each Bond
<b>Maturity</b>	7 years, maturing 22 February 2028
<b>Interest rate</b>	<p>The Interest Rate will be determined by Arvida in conjunction with the Joint Lead Managers following a bookbuild. It will be announced via NZX on the Rate Set Date (12 February 2021). The Interest Rate will be equal to the sum of:</p> <ul style="list-style-type: none"> <li>- the Issue Margin determined following the bookbuild and announced via NZX on the Rate Set Date; and</li> <li>- the Swap Rate on the Rate Set Date,</li> </ul> <p>but in any case will be no less than the minimum Interest Rate. The minimum Interest Rate and indicative Issue Margin will be announced via NZX on the opening date (9 February 2021)</p>
<b>Interest payments</b>	Quarterly in arrears in equal payments on 22 February, 22 May, 22 August and 22 November in each year (or if that day is not a Business Day, the next Business Day) until and including the Maturity Date, with the First Interest Payment Date being 22 May 2021. As the First Interest Payment Date is a Saturday, interest is payable on Monday 24 May 2021 instead





# KEY TERMS OF THE OFFER

<b>Purpose</b>	The proceeds of this Offer will be used for the purposes of repaying a portion of Arvida's existing drawn bank debt, providing Arvida with some diversification of funding sources and tenor
<b>Financial covenant</b>	Arvida will ensure that, on each Semi-annual Test Date, the total principal amount of financial indebtedness secured against the Land subject to the Security is not more than 50% of the valuation of that Land (LVR covenant)
<b>Distribution stopper</b>	Arvida is not permitted to make any distribution if an Event of Default has occurred and is continuing or if the making of the distribution would result in an Event of Default
<b>Minimum application amount</b>	\$5,000 and multiples of \$1,000 thereafter
<b>Brokerage</b>	Brokerage of 0.5% plus 0.5% on firm allocations
<b>Credit rating</b>	The Bonds will not be rated
<b>Quotation</b>	Application has been made for the Bonds to be quoted on the NZX Debt Market under the ticker code ARV010
<b>No Public Pool</b>	All Bonds, including oversubscriptions, will be reserved for subscription by clients of the Joint Lead Managers, Primary Market Participants and other persons invited to participate in the bookbuild
<b>Joint Lead Managers</b>	ANZ, Craigs Investment Partners, Forsyth Barr, Jarden



# KEY DATES OF THE OFFER

Event	Date
PDS lodgement	Thursday, 28 January 2021
Determination of minimum Interest Rate and indicative Issue Margin	Tuesday, 9 February 2021
Opening date	Tuesday, 9 February 2021
Closing date / Firm bids due	12.00pm Friday, 12 February 2021
Rate set date	Friday, 12 February 2021
Issue date and allotment date	Monday, 22 February 2021
Expected date of initial quotation on the NZX Debt Market	Tuesday, 23 February 2021
Maturity date	Tuesday, 22 February 2028



# APPENDICES





# PORTFOLIO AT 30 SEPTEMBER 2020

	Village	Region	Villas	Apts	SA	CS	RH	H	D	Dev. Pipeline		Dev. Split		
										2H21	FY22+^	ILU	SA/CS	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	-	-	-	-	-
<b>TOTALS</b>			<b>1,482</b>	<b>354</b>	<b>660</b>	<b>25</b>	<b>647</b>	<b>780</b>	<b>263</b>	<b>199</b>	<b>1,375</b>	<b>918</b>	<b>637</b>	<b>19</b>

^ 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. Village at the Park is not included in the security provided to Bondholders.





# GOVERNANCE



**Peter Wilson**  
Independent Director  
& Chair

*MNZM for services  
to business*



**Anthony Beverley**  
Independent Director,  
chair of Audit & Risk  
Committee



**Susan Paterson**  
Independent Director

*ONZM for services  
to governance*



**Michael Ambrose**  
Independent Director



**Paul Ridley-Smith**  
Independent Director,  
chair of Remuneration  
Committee



**Susan Peterson**  
Independent Director

## Dividend policy

- > 50-70% of Underlying Profit, subject to the needs of the business

## Board committees

- > Audit & Risk
- > Remuneration
- > Board – Health & Safety

## Management committees

- > Construction
- > Acquisition
- > Health & Safety
- > Clinical / Wellbeing

### External Appointments

Meridian Energy  
(Deputy Chair)

Property for  
Industry (Chair)

Steel & Tube (Chair);  
Theta (Chair);  
Goodman Property  
NZ; Les Mills NZ;  
EROAD; Electricity  
Authority; Reserve  
Bank of NZ

Manchester Unity  
(Chair); Garra  
International  
(Chair); Chateau  
Marlborough  
(Chair); Fiordland  
Lobster; Rodgers  
& Co.

Trustpower  
(Chair)

Vista Group (Chair);  
Xero; Property for  
Industry; Trustpower;  
Global Women; New  
Zealand Markets  
Disciplinary Tribunal

Past appointments  
include:  
Westpac NZ (Chair);  
PF Olsen (Chair);  
Westpac Banking  
Corporation;  
Farmlands Co-op;  
Ernst & Young  
(Partner)

Past appointments  
include:  
Summerset  
Holdings; Precinct  
Properties; Harbour  
Quays; Ngai Tahu  
Property

Past appointments  
include:  
Transpower; Abano  
Healthcare; Ports of  
Auckland; Airways  
(Chair); Sky  
Network Television

Past appointments  
include:  
Horncastle Homes

Past appointments  
include:  
King Country  
Energy; Wellington  
International  
Airport; NZ Festival

Past appointments  
include:  
ASB Bank; The NZ Merino  
Company; Compac  
Sorting Solutions; Direct  
Broking; OnePath  
Insurance; Wynyard  
Group; various ANZ Group  
subsidiary companies



# GLOSSARY

## **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.

- 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 the resale of occupation right agreement (ORA) 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 and one-off items.

## **Embedded Value ( or "EV")**

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.