



# Annual Meeting

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Arvida Group Limited  
2 July 2021

# BOARD OF DIRECTORS



**Peter Wilson**  
Chair &  
Independent  
Director



**Anthony Beverley**  
Chair-elect &  
Independent  
Director



**Susan Paterson**  
Independent  
Director



**Susan Peterson**  
Independent  
Director



**Paul Ridley-Smith**  
Independent  
Director



**Michael Ambrose**  
Independent  
Director

# 2021 ANNUAL MEETING AGENDA

**Chair's address**

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**Chief Executive Officer's address**

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**Q&A opportunity**

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**Formal business**

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**General business**

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Unless otherwise stated, all information provided in this presentation is for the year ended and/or as at 31 March 2021. For further information, refer to our website [arvida.co.nz](http://arvida.co.nz) or [NZX.com](http://NZX.com)

# CHAIR'S ADDRESS

# CHIEF EXECUTIVE OFFICER'S ADDRESS

**Bill McDonald**

# NAVIGATING COVID-19



Fast to action a pandemic response team

Three priorities from the outset:

1. Prepare our staff
2. Safeguard our residents
3. Protect our business

No positive cases recorded in residents or staff

**“Mum feels cared for, safe and loved by the wonderful staff - actually no words can really describe this..”**



1. CFFC discussion paper released in Dec 2020 proposed a comprehensive review of legislative framework
  - > Significant number of submissions received
  - > Ministry indicated a review likely but would only consider certain aspects
  - > Key review aspects already embedded in structure of our contracts
2. Aged care funding rates announced, but outcome of cost pressure component still pending
3. Residential property market remains very active
  - > Current Government policy aims to take heat out of residential property market

# STRATEGY UPDATE



## **Buying + Building Well**

Grow and expand our operations through careful selection of greenfield and brownfield development projects and existing village acquisitions that deliver long term value

## **Living Well**

Invest in our employees and organisation's culture to deliver a truly resident-led service offering that transforms the ageing experience of our residents and future customers

## **Engaging Well**

Invest in the health and wellbeing of our communities leveraging The Attitude of Living Well and new delivery platforms to provide innovative high quality services

## **Nurturing Well**

Manage our business in a responsible and sustainable way, to help create thriving communities whilst limiting our impact on the environment



# FY21 OUTCOMES



## **Buying + Building Well**

- > 247 new units delivered incl. 114 care suites, +1 new community in Kerikeri
- > 1,324 units in development pipeline
- > Development margin of 15%

## **Living Well**

- > Staff engagement index at 86%; 45,000+ training modules completed
- > No notified H&S injury incidents; 83% of care centres at 4 year certification
- > Inclusion in Refinitiv Top 100 Diversity & Inclusion Index

## **Engaging Well**

- > +48 NPS village residents; +43 NPS care residents
- > 95% care occupancy
- > +1 Arvida Good Friends community

## **Nurturing Well**

- > Carbon emissions measured and independently audited
- > Emissions reduction target set; 50 tonnes of carbon credits offset
- > \$125m retail bond issue

# CURRENT PROGRAM



## **Buying + Building Well**

- > Target build rate 200-250 new units, building capacity to 300+
- > Conditional purchase of 2 land parcels
- > Sale of Maples, lease of Lake Wakatipu

## **Living Well**

- > Embedding wellness framework
- > Internal H&S audit, ACC Accredited Employers Programme
- > Workforce diversity & retention programmes

## **Engaging Well**

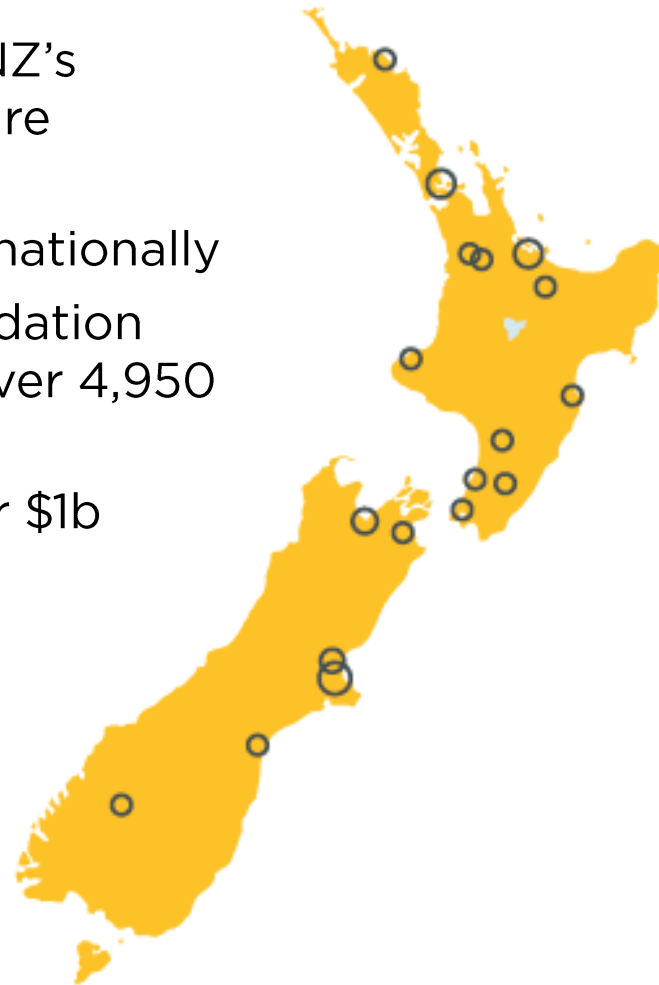
- > Transitioning all villages to the Attitude of Living Well model™
- > Continued focus on high care occupancy
- > Establishing Arvida Good Friends communities

## **Nurturing Well**

- > Further development of sustainability framework and implementing emission reduction initiatives
- > Capital management initiatives

# AT A GLANCE

- > Listed in 2014; now one of NZ's largest providers of aged care services
- > 32 retirement communities nationally
- > Retirement living accommodation and aged care services to over 4,950 residents
- > Market capitalisation of over \$1b
- > Total assets of over \$2b
- > Member of NZ50 Index



## Total Aged Care Beds

801

HOSPITAL

591

REST HOME

263

DEMENTIA CARE

1,655

TOTAL AGED CARE BEDS

95%

OCCUPANCY OF AGED CARE BEDS

## Total Retirement Units

2,670

TOTAL RETIREMENT UNITS

1,893

VILLAS/APARTMENTS

663

SERVICED APARTMENTS

114

CARE SUITES

81 years

CURRENT AVERAGE AGE OF INDEPENDENT LIVING RESIDENTS

87 years

CURRENT AVERAGE AGE OF SERVICED APARTMENT RESIDENTS

1. Portfolio statistics updated for sale of Maples and addition of Lake Wakatipu Home & Hospital.

# **Financial Highlights:**

**Resilient performance in Covid-year**

# RESULTS SUMMARY

## For year ended 31 March 2021



<b>\$m</b>	<b>FY21</b>	<b>vs. FY20</b>
<b>IFRS Net Profit</b>	<b>131.1</b>	<b>207%</b>
Change in FVs	(127.4)	477%
Other items	(5.9)	(27%)
Gains on resales	26.0	10%
Gains on new sales	16.3	4%
<b>Underlying Profit<sup>1</sup></b>	<b>51.9</b>	<b>0%</b>
Underlying EBITDA	64.6	5%
Annuity EBITDA	48.3	5%

- > 1H impacted by Covid:
  - Disruption to sales in Level 3 & 4, particularly Serviced Apts
  - Higher employee costs; additional \$2/hr frontline staff
  - Increased PPE, security, cleaning costs
- > 2H performance significantly improved, 53% higher than 1H
- > Flat Underlying Profit<sup>1</sup>; \$51.9m vs \$51.7m in FY20

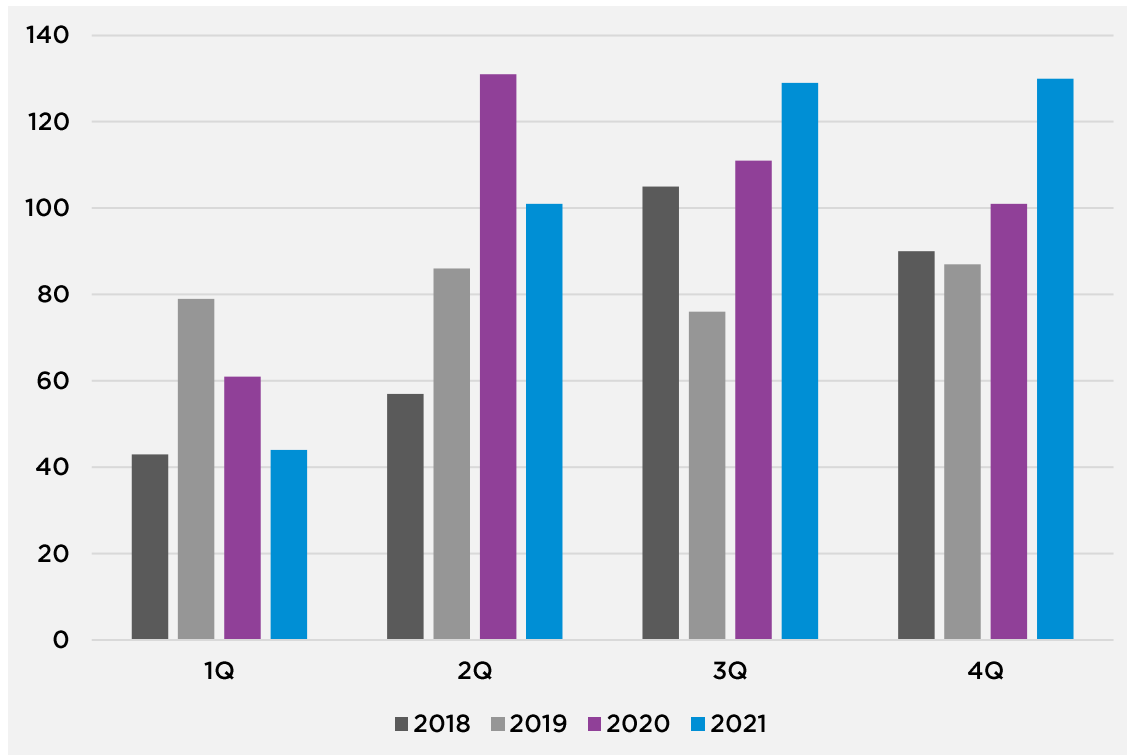
1. Underlying Profit is a non-GAAP (unaudited) financial measure and differs from NZ IFRS net profit after tax. A reconciliation to Reported Net Profit after Tax is provided in the annual report and investor presentation.

# RESULTS SUMMARY

## For year ended 31 March 2021



### Total quarterly sales (units)



\$m	Resale	New	Total
Villas / apts	121	126	247
Serviced apts	140	2	142
Care suites	6	9	15
<b>Total units</b>	<b>267</b>	<b>137</b>	<b>404</b>
Value \$M	\$118	\$109	\$227
Gains \$M	\$26	\$16	\$42
Margin	23%	15%	

> Gross proceeds of \$227m from a total of 404 ORA sales

# RESULTS SUMMARY

## At 31 March 2021



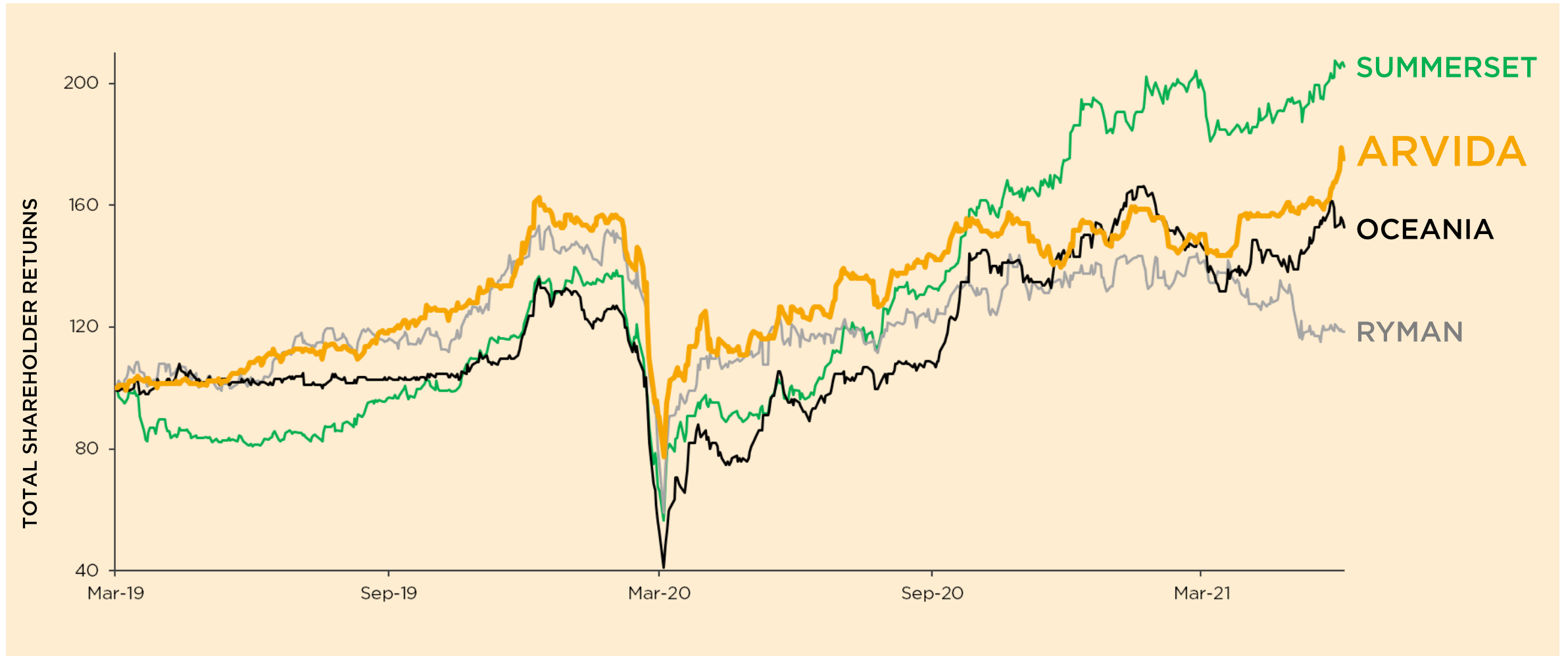
<b>\$m</b>	<b>FY21</b>	<b>Var</b>
Investment property	1,872	15%
PPE	196	7%
Other assets	108	9%
<b>Total assets</b>	<b>2,176</b>	<b>15%</b>
Net bank debt	234	(24%)
Retail bonds	125	nm
Resident loans	866	13%
Other liabilities	125	23%
<b>Net Assets</b>	<b>826</b>	<b>14%</b>
Gearing	30%	

- > Total assets \$2.2b, with \$1.9b of investment property
- > Issued \$125m 7 year retail bonds @ 2.87%
- > Net debt \$359m
  - Bond proceeds applied to repay \$100m bank facility, increased maturity profile to 3.5 years
  - Current facility limit is \$375m (or \$500m incl. bonds)
- > Gearing constant at 30%
- > Embedded value increased \$93m to \$482m

1. 4Q dividend of 1.50 cps declared
  - > Total dividend for FY21 to 5.35 cps or 56% of Underlying Profit, in line with current target 50-70% payout range
  - > Expect 4Q dividend to be sustainable
2. New target payout range of 40-60% of Underlying Profit adopted
  - > Guidance to lower end of the band as the focus moves to recycling capital into greenfield developments
3. Dividend reinvestment plan established
  - > Full details and how shareholders can opt in are contained in the DRP offer document
  - > With the DRP introduction, the frequency of dividends changes to six monthly



# SHAREHOLDER RETURNS



1. Rebased to 100 at March 2019. Source IRESS.

# FY21 Development Milestones

# FY21 MILESTONES

## ARIA BAY, AUCKLAND



# FY21 MILESTONES

## WAIMEA PLAINS, RICHMOND



# FY21 MILESTONES

## TE PUNA WAIORA, KERIKERI



# FY21 MILESTONES

## COPPER CREST, TAURANGA



# FY21 MILESTONES

## ARVIDA GOOD FRIENDS, CHRISTCHURCH



**Our Mission:**

**Transform the ageing experience**



# GENERAL BUSINESS

