

# Annual Meeting

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Arvida Group Limited  
30 June 2022

# Board of directors



**Anthony Beverley**  
Chair &  
Independent  
Director



**Susan Paterson**  
Independent  
Director



**Susan Peterson**  
Independent  
Director



**Paul Ridley-Smith**  
Independent  
Director



**Michael Ambrose**  
Independent  
Director

# 2022 Annual Meeting

## AGENDA

**Chair's address**

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**CEO'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 2022. For further information, refer to our website [arvida.co.nz](http://arvida.co.nz) or [NZX.com](http://NZX.com)

# CHAIR'S ADDRESS

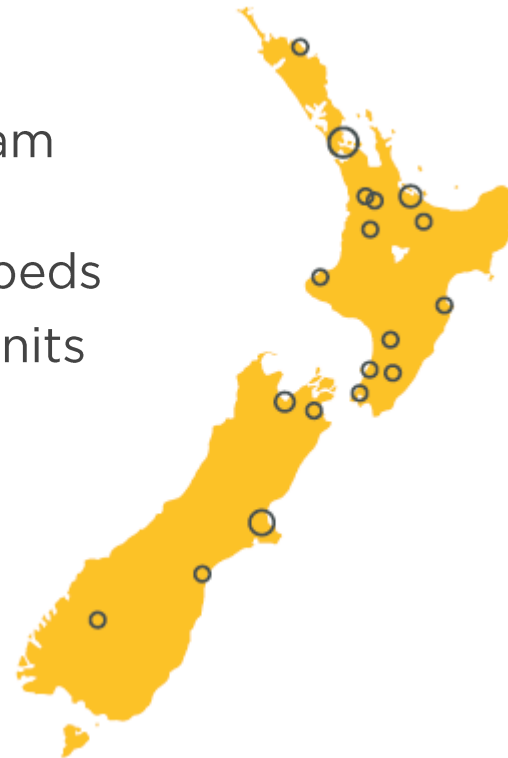


# CEO's ADDRESS

**Jeremy Nicoll**

# At a glance

- > Listed in December 2014
- > \$345m Arena acquisition added 1,046 retirement units to portfolio
- > Now one of NZ's largest providers of aged care services with 35 retirement communities nationally
- > Over 6,750 residents and 2,700 team members
- > Existing portfolio of 5,456 units & beds
- > Development pipeline adds 1,928 units
- > Market capitalisation of over \$1.1b
- > Total assets of over \$3.4b



## Total Aged Care Beds

763

HOSPITAL

545

REST HOME

236

DEMENTIA CARE

1,544

TOTAL AGED CARE BEDS

94%

OCCUPANCY OF AGED CARE BEDS

## Total Retirement Units

3,912

TOTAL RETIREMENT UNITS

3,056

VILLAS/APARTMENTS

707

SERVICED APARTMENTS

149

CARE SUITES

82 years

CURRENT AVERAGE AGE OF INDEPENDENT LIVING RESIDENTS

87 years

CURRENT AVERAGE AGE OF SERVICED APARTMENT RESIDENTS

# Strategy update

## Growing Well

Grow our portfolio of market leading retirement communities

### OUR PORTFOLIO

**50 retirement communities of scale offering a continuum of care**

We want to grow well by acquiring and building quality assets that will be relevant and attractive for generations to come, because they allow residents to live well as they age.

## Engaging Well

Empower our people to give their best effort everyday

### OUR PEOPLE

**A safe workplace with a culture that supports team members to strive for better**

We want to attract and retain talented, passionate people who identify with our core values and are obsessed with achieving the best outcomes for our residents. In return, we offer our team an environment where they are valued for their input and supported to be their best.

## Living Well

Inspire our residents to live their best lives

### OUR RESIDENTS & COMMUNITY

**The Attitude of Living Well™ expressed in our retirement communities**

We want every resident to be actively involved with designing their own life and shaping their community. We hope to hear them tell friends and family how much they love their life.

## Nurturing Well

Be a sustainable organisation

### OUR SUSTAINABILITY

**A leader in environmental and social guardianship**

We want to reduce the impact of climate change and enhance social equity. We do this by making responsible decisions about resource use, financial management and human rights.

# Growing Well

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- Outcomes**
- > 221 new units delivered, 1,928 units in the development pipeline
  - > 6 villages acquired, 4 village divested
  - > 2 sites acquired for future communities
  - > 17% development margin

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- Objectives**
- > Navigate an uncertain economic and property market well in the year ahead
  - > Set strategy to best achieve our medium term goal of 300+ new units built annually - FY23 development target of 250+ new units
  - > Look to the future in what and how we build

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- Outlook**
- > Domestic economic environment impact on construction and residential housing markets uncertain
  - > Building materials supply line disruption possible
  - > Rising inflationary outlook
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# Engaging Well

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## Outcomes

- > 85% staff engagement indexed
  - > 78% of workforce female, 2.3% pay gap
  - > 50,000+ training modules completed
  - > Nil notified injury incidents investigated
  - > 73% of care centres with 4 year certification
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## Objectives

- > Develop and set a compelling people strategy that will endure
  - > Continue to engage and embed The Attitude of Living Well across the business
  - > Lead the sector on proactively adopting diversity & inclusion
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## Outlook

- > Workforce constraints and pay disparity exacerbating tight labour market
  - > New Nga Paerewa health standard introduces additional governance and compliance requirements
  - > Sector funding model continuing to place unsustainable pressure on care margins
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# Living Well

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- Outcomes**
- > +42 NPS village residents
  - > +45 NPS care residents
  - > 94% care occupancy
  - > 1 Good Friends™ community, 550 members accessing regularly

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- Objectives**
- > Keep our residents safe from Covid-19 with their continued wellness paramount
  - > Grow the market proposition of Good Friends™ in Auckland, Christchurch and our new developments
  - > Foster relationships across residents, community and strategic partners

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- Outlook**
- > Ongoing DHB restructure and potential access to home & community funding for Good Friends™
  - > Lift in enquiry, with communities placing a much greater value on health and wellbeing following Covid-19
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# Nurturing Well

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## Outcomes

- > 8.2% reduction in FY21 emissions; and 50 tonnes of carbon emissions offset
- > Carbon emissions measured and independently audited; CDP rating of B-
- > DRP introduced; 32% participation rate
- > \$330m capital raising; 25% gearing

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## Programme

- > Reflect best practice governance ready for FY24 TCFD reporting
- > Commit to the sustainability vision and roadmap for the business
- > Develop a sustainable financing programme underpinned by ESG leadership

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## Objectives

- > XRB finalising proposed climate-related disclosure requirements
- > Group-wide focus on elevating sustainability initiatives and progressing identified priorities

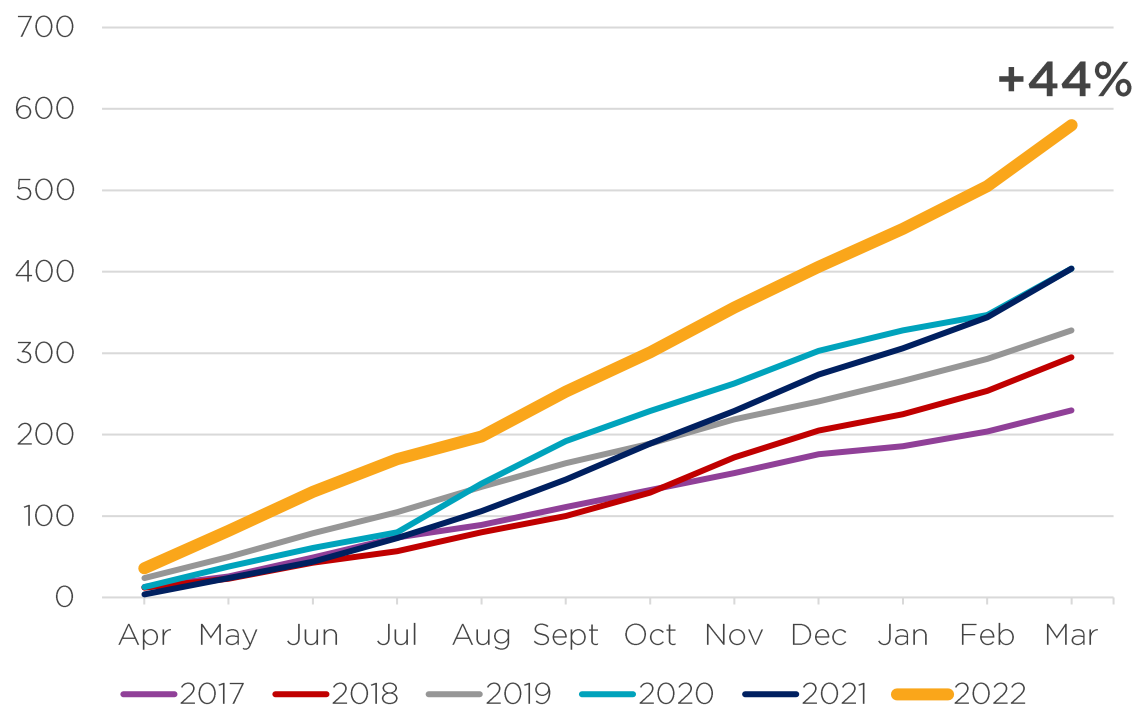
# FINANCIAL HIGHLIGHTS:

**Record Sales + Arena**

# Results summary

## YEAR ENDED 31 MARCH 2022

### Total sales (units)



Units	Resale	New	Total
Villas / apts	160	164	324
Serviced apts	165	12	177
Care suites	12	67	79
<b>Total units</b>	<b>337</b>	<b>243</b>	<b>580</b>
Value \$M	\$170	\$155	\$325
Gains \$M	\$43	\$25	\$68
Margin	26%	17%	

# Results summary

## YEAR ENDED 31 MARCH 2022

<b>\$M</b>	<b>FY21</b>	<b>Var</b>
Operating revenue	202	16%
Operating expenses	181	18%
Change in IP fair values	159	29%
Gains on resales	43	67%
Gains on new sales	25	55%
IFRS Net Profit	199	52%
<b>Underlying Profit<sup>1</sup></b>	<b>74</b>	<b>42%</b>
Annuity EBITDA	65	34%

- > Revenue up 16%, costs up 18%
- > Covid continued to be a factor
  - Added \$5m of related costs
- > Care margins impacted
  - Occupancy by Covid & nurses
  - Employee costs by labour shortage
- > Unrealised movement in fair value of investment property at \$158.9m
- > Underlying Profit<sup>1</sup>; \$73.5m vs \$51.9m in FY21
  - 4 ½ months of Arena added \$15m to underlying profit

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

# Results summary

## AT 31 MARCH 2022

<b>\$M</b>	<b>FY22</b>	<b>Var</b>
Investment property	3,061	64%
PPE	209	7%
Other assets	127	18%
<b>Total assets</b>	<b>3,397</b>	<b>56%</b>
Bank debt	330	36%
Retail bonds	125	nm
Resident loans	1,416	64%
Other liabilities	181	45%
<b>Net Assets</b>	<b>1,345</b>	<b>63%</b>
Gearing	25%	

- > Total assets \$3.4b, with \$3.0b of investment property
- > Debt \$445m
  - Refinance \$525m ANZ & BNZ facility
  - Weighted average tenure 2.9 years
  - 18% hedged
- > Gearing reduced from 30% to 25%
- > Issued \$330m shares to fund Arena
- > Embedded value increased 103% from \$482m to \$977m
- > NTA per share is \$1.84, up from \$1.46

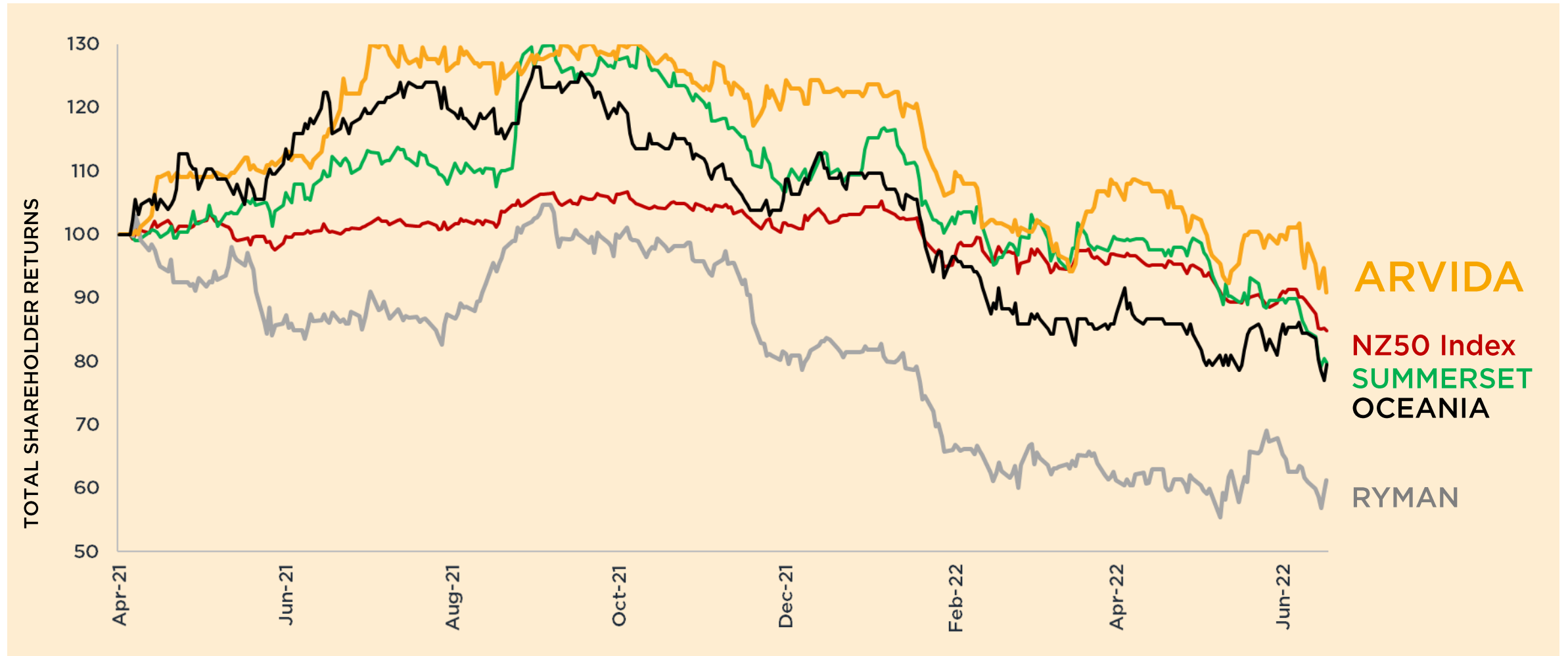
# Dividend

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1. 2H dividend of 3.0 cps declared
  - > Total dividend for FY22 to 5.5 cps or 54% of Underlying Profit, in line with current target 40-60% payout range
  - > DRP participation rate of 24%
2. Expect level of 2H dividend to be sustainable for FY23
  - > Guidance to lower end of the band as the focus moves to recycling capital into greenfield developments



# Shareholder returns



1. Rebased to 100 at 1 April 2021. Source IRESS.

# Development Milestones

# Development milestones

## TE PUNA WAIORA, KERIKERI



# Development milestones

## COPPER CREST, TAURANGA



# Development milestones

## LAURISTON PARK, CAMBRIDGE



# Development milestones

## BETHLEHEM SHORES, TAURANGA



# Development milestones

## WAIMEA PLAINS, RICHMOND



# Development milestones

## QUEENSTOWN COUNTRY CLUB





# Development milestones

## WAIPA COUNTRY CLUB, TE AWAMUTU



# Development milestones

## WAIKANAE BEACH



# **Our Mission:**

# **Transform the ageing experience**



# QUESTIONS



# FORMAL BUSINESS

# How to vote

1. Tick the relevant box on your voting form in respect of the resolution being voted on
2. If you did not bring your voting form with you, you should have been given a voting form at the registration desk on arrival
3. If you are a proxy holder and the shareholder has given directions as to voting on every resolution, you will not have been issued with voting papers
4. If you have been overlooked, please let one of the Computershare representatives know immediately
5. On completion of voting, your forms will be collected

An update of the votes already received for each resolution will be provided

# **Resolution 1:**

## **RE-ELECTION OF DIRECTOR**

### **Explanatory information:**

- > In accordance with the Company's constitution and the NZX Listing Rules, Anthony Beverley retires at this meeting, however Mr Beverley offers himself for re-election
- > The board has determined that Mr Beverley will be an independent director for the purposes of the NZX Listing Rules, if re-elected
- > Mr Beverley has abstained from any consideration by the Board on his re-election and will abstain from voting his shares, and any discretionary proxies that he holds, on Resolution 1

# **Resolution 1:**

## **RE-ELECTION OF DIRECTOR**

- > The Board recommends shareholders vote in favour of the re-election of Mr Beverley

### **Rationale:**

- > The board is committed to ensuring that it possesses the appropriate mix of skills, knowledge, experience and diversity to discharge its role and responsibilities
- > The board considers Mr Beverley has the expertise to contribute to the overall skill set required by the board



# **Resolution 1:**

## **RE-ELECTION OF DIRECTOR**

### **Anthony Beverley**

Independent Director  
& Chair of the Board

### **Date of first appointment**

November 2014

### **Date last re-elected**

July 2019

Appointed Chair July 2021



## **Resolution 1:**

### **RE-ELECTION OF DIRECTOR**

**That Anthony Beverley be re-elected as a Director of Arvida**

**The Board unanimously supports Anthony Beverley's re-election**

## **Resolution 2:**

### **RATIFY SHARE ISSUE**

#### **Explanatory information:**

- > On 15 October 2021 Arvida announced to NZX that it had entered into an agreement to purchase 100% of the shares of Arena Living Holdings Limited (Arena Living) for approximately \$345 million.
- > To part fund the acquisition, Arvida issued 79,081,633 shares on 21 October 2021 at \$1.96 each to a range of institutional and high net worth investors that participated in a 'book build' process.
- > Under NZX Rule 4.5.1. (c), Arvida is limited to issuing up to 15% of its issued shares within any 12 month period, unless shareholders ratify the issuance by ordinary resolution.
- > At the date of the notice of meeting, Arvida had 720,060,907 shares on issue and could issue a further 17,065,258 shares under the "15% rule" without shareholder approval.

## **Resolution 2:**

### **RATIFY SHARE ISSUE**

- > The Board recommends shareholders vote in favour of the ratification of the shares.
- > In accordance with LR 6.3.1, any shareholder who participated in the 21 October 2021 share issue is disqualified from voting on resolution 2 on the basis that those shareholders were issued or acquired the shares that are subject to the ratification contemplated by resolution 2.

#### **Rationale:**

- > Arvida's strategy includes the acquisition of retirement communities.
- > Approval of the resolution restores the permitted share issue headroom under the NZX Rules.

## **Resolution 2:**

### **RATIFY SHARE ISSUE**

**That the 79,081,633 shares issued to the participants in the placement on 21 October 2021 at \$1.96 each to part fund the acquisition of the Arena portfolio of retirement villages is ratified, confirmed and approved for the purposes of NZX Main Board Listing Rule 4.5.1(c)**

**The Board unanimously supports ratification of the shares**

## **Resolution 3:**

### **AUDITOR'S REMUNERATION**

**Resolution sought:**

**Fix Ernst & Young's remuneration as auditor**

**Rationale:**

- > Pursuant to Section 207S of the Companies Act 1993, board seeks approval to fix the remuneration of the auditor

## **Resolution 3:**

### **AUDITOR'S REMUNERATION**

**That the Board is authorised to fix the auditor's remuneration**

**The Board unanimously supports the resolution**

# Provisional voting

<b>Resolution</b>	<b>1</b>		<b>2</b>		<b>3</b>	
<b>For</b>	<b>272,165,091</b>	<b>99.99%</b>	<b>120,203,115</b>	<b>99.91%</b>	<b>271,979,679</b>	<b>99.91%</b>
<b>Against</b>	<b>28,624</b>	<b>0.01%</b>	<b>106,761</b>	<b>0.09%</b>	<b>247,872</b>	<b>0.09%</b>
<b>Abstain</b>	<b>235,066</b>	<b>N/A</b>	<b>152,107,199</b>	<b>N/A</b>	<b>174,704</b>	<b>N/A</b>

**Provisional voting numbers are as at 29 June 2022**



# GENERAL BUSINESS



A photograph of two elderly women sitting in the back of a car. The woman on the left is wearing a pink top and glasses, and the woman on the right is wearing a blue top and glasses. They are both laughing and looking towards the camera. The car's interior and a window showing a blurred outdoor scene are visible in the background.

# QUESTIONS