



## NZX RELEASE

### ARVIDA REPORTS RECORD PROFIT ON REVALUATION GAINS

#### FY21 Highlights:

- IFRS Net profit after tax for FY21 of \$131.1 million, up 207% on FY20
- Underlying profit<sup>1</sup> of \$51.9 million, in line with FY20
- Total assets of \$2.2 billion, up \$275 million on FY20
- 404 total sales of occupation rights, in line with FY20
- 247 new units and beds delivered, up from 210 in FY20
- Land bank total of 1,324 units and beds
- Gearing ratio maintained at 30% and inaugural \$125 million bond issue
- 4Q dividend of 1.50 cents per share declared, brings FY21 dividend to 5.35 cents per share

**25 May 2021** – NZX listed retirement village and aged care operator Arvida Group Limited today reported a record full year IFRS net profit for the year ending 31 March 2021 up 207% on the prior year at \$131.1 million. Results included the impact of unrealised movements in the fair value of investment property.

Arvida Chief Executive Bill McDonald said performance had been strong this year despite disruptions from New Zealand's response to the Covid-19 pandemic impacting first half results.

Underlying profit<sup>1</sup> for the year at \$51.9 million was in line with the prior year. Second half performance for the Group was significantly improved, 53% higher than the first half.

"Additional expenditure was incurred in the first half to ensure resident safety and staff wellbeing was the priority and we were able to keep Covid out of our communities."

Mr McDonald said Arvida maintained strong operating cash flows and resilience in care revenues throughout the year.

"While we continued to operate throughout the pandemic as an essential business, care admissions, sales and construction activities were significantly disrupted in lockdown periods," said McDonald.

#### Sales activity

Total gross proceeds from new sale and resale unit settlements increased to \$227.4 million, up 13% on the prior year. Settlements in the second half were up 87% when compared to the first half.

"This was a very strong result reflecting a significant effort by our sales teams and reflects a positive trending sentiment towards retirement village living," said Bill McDonald.

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<sup>1</sup> Underlying Profit is a non-GAAP (unaudited) financial measure and differs from NZ IFRS net profit after tax by replacing the unrealised fair value adjustment in property values with the Board's estimate of realised components of movements in investment property value and to eliminate other unrealised, deferred tax and one-off items. A reconciliation is included within the Annual Report and the Investor Presentation.

### **Construction activity**

Arvida built 247 new homes in the year across ten sites despite the closure of construction sites for the Covid-19 lockdown. Construction activity exceeded guidance provided at the start of the year.

Milestones celebrated included the completion of the first of Arvida's purpose-built care suite product. These multi-storey buildings at Aria Bay in Auckland and Copper Crest in Tauranga delivered 114 new care suites and 29 apartments. The care suite model allows the desired premium care accommodation outcome, with a higher level of investment.

"The provision of care is core to strategy," CEO Bill McDonald said. "Providing residents with the confidence that care services are available as they age is essential. Care suites will lead the New Zealand retirement industry into a new standard for aged care."

Arvida announced plans to introduce care suites across a number of its other retirement communities.

The latest Arvida retirement community Te Puna Waiora in Kerikeri was launched during the year. Arvida now has 33 retirement communities completed or in development across New Zealand. It has a large future development pipeline of 1,324 units and beds.

### **Stated strategy**

Arvida announced it had conditionally agreed to sell one of its smaller Christchurch retirement and aged care villages as it continued to rebalance its portfolio in line with strategic priorities.

Also announced are conditional agreements to acquire two parcels of bare land to provide the opportunity to develop broad acre retirement communities in the future. In Kerikeri an adjoining site has been acquired with settlement in June 2021.

"Adding to our land bank will support future greenfield development as we look to lift our build rate," commented Mr McDonald.

"We are building differentiated product for the future that will be relevant to ongoing generations of New Zealanders. Combining community connection is central to building multi-generational assets."

As a key part to its community engagement strategy Arvida launched Arvida Good Friends earlier this year after a successful Christchurch pilot. The service combines the provision of care and services into the home with member transport and a wellness centre where people can socialise, feel connected, and receive centralised healthcare support if needed.

Planning is underway to introduce Arvida Good Friends into other Arvida retirement communities.

### **Sound balance sheet**

Total assets grew to \$2.2 billion, up from \$1.9 billion at the start of the financial year with development activity completed and an increase in the value of investment property.

The annual revaluations of investment property undertaken by CBRE and Jones Lang LaSalle delivered a revaluation movement of \$123.5 million. The increase was driven by higher unit prices, the delivery of new units and the reversal of the material uncertainty that existed at 31 March 2020 in relation to Covid-19.

During the year, Arvida listed a \$125 million retail bond applying the proceeds to repay bank debt. The bond provided extended tenor to Arvida's debt profile and improved diversification in debt funders. Balance sheet gearing including the bond remained at 30% and within the target gearing band.

## Dividend and outlook

Arvida Chair Mr Peter Wilson said Arvida's shareholders will receive an increased unimputed dividend of 1.50 cents per share for the final quarter. The dividend is to be paid on 10 June 2021 with a record date of 2 June 2021.

Mr Wilson said, "We are pleased to return a total of \$29 million to our shareholders in dividends during this year. The dividend is evidence of the strong momentum in the business even in a pandemic-impacted year."

The Arvida board also announced the intention to move the target distribution band to 40-60% of underlying profit<sup>1</sup>. A dividend reinvestment plan would be implemented at the next dividend payment with payments becoming six monthly. Mr Wilson said the dividend reinvestment plan would help support Arvida's capital base as it looks to recycle capital into growth opportunities including greenfield development activity.

"Both our care operations and retirement villages continue to perform strongly, and our development activities continue to grow," said Mr Wilson.

The current level of dividend is expected to be sustainable for FY22. However, Mr Wilson noted that Covid-19 would be a factor globally for some time yet with the outcomes unknown on the business and domestic economy as New Zealand opens its border. The Government's move to dampen residential house prices and possible review of the sector's regulatory framework are factors that could impact the sector and performance of Arvida.

## Historical financial performance

Year ended 31 March	FY21	FY20	FY19	FY18	FY17
Total revenue (\$M)	174.5	163.7	152.4	132.3	101.4
Net profit after tax (IFRS) (\$M)	131.1	42.6	59.1	57.6	53.7
Underlying profit <sup>1</sup> (\$M)	51.9	51.7	38.6	33.0	23.1
Net operating cash flow (\$M)	130.8	102.9	69.1	53.9	39.7
Total assets (\$M)	2,181.7	1,907.1	1,299.6	1,132.7	795.8
Underlying profit <sup>1</sup> per share (cents)	9.56	10.23	9.33	8.90	7.66
Dividend per share (cents)	5.35	5.80	5.35	5.01	4.45
Net tangible assets per share (cents)	146	127	120	110	96

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## For more information, please contact:

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## About Arvida:

Arvida is one of New Zealand's largest aged care providers owning and operating 33 retirement villages located nationally. Each village operates independently under a corporate structure that supports village operations to ensure quality and consistency of service. Arvida has over 4,950 residents and provides a range of accommodation across a continuum of care that extends from independent living to full rest home, hospital and dementia-level care.

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

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