



## NZX RELEASE

### ARVIDA GROUP LIMITED FY22 PROFIT RESULTS

#### FY22 Highlights:

- IFRS Net profit after tax for FY22 of \$198.9 million, up 52% on FY21
- Underlying profit<sup>1</sup> of \$73.5 million, up 42% on FY21
- Total assets of \$3.4 billion, up \$1.2 billion on FY21
- 580 total sales of occupation rights, up 44% on FY21
- 221 new units delivered, exceeding 200+ FY22 build target
- Land bank total of 1,928 units
- Gearing ratio of 25% at low end of target 25-35% range
- Dividend of 3.0 cents per share declared, brings FY22 dividend to 5.5 cents per share

**30 May 2022** – 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 2022 of \$198.9 million, up 52% on the prior year. Results included the impact of unrealised movements in the fair value of investment property.

Arvida Chief Executive Jeremy Nicoll said performance had benefited from the \$345 million acquisition of the Arena portfolio of six retirement communities during the year.

Underlying profit<sup>1</sup> for the year at \$73.5 million was up 42% on the prior year. On a per share basis, underlying profit was up 25%. Arena contributed \$14.9 million of underlying profit for the period since completing the acquisition on 15 November 2021.

Mr Nicoll said the Arena villages had delivered financial performance above expectation highlighting the strategic rationale for the acquisition.

“The villages in prime Auckland and Tauranga locations delivered a number of immediate benefits that we have been able to realise as well as presenting longer term options for future growth,” said Mr Nicoll.

#### **Covid-19**

Arvida said 2022 financial performance was impacted by Covid-19 related disruptions to care sales and construction activities.

Care revenue was impacted by staffing shortages, particularly nurses, and restrictions on new admissions during lockdowns and the Omicron peak. Arvida said approximately \$5.0 million of additional operating expenditure related to Covid-19 was incurred.

“Additional expenditure was again incurred to ensure resident safety and staff wellbeing, as the priority was to protect our resident communities and teams.”

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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.

## **Sales activity**

Total gross proceeds from new sale and resale unit settlements increased to \$325.2 million, up \$97.8 million on the prior year. Settlements were up 44% to a total of 580 units settled during the year.

Resales were a key contributor to financial performance with the gross value increasing 44% to \$170.2 million. Resale margins were 26%, up from 23% in the prior year.

New sale activity resulted in 243 settlements with the gross value of \$155.0 million up \$45.6 million on the prior year. New sale margins were 17%, up from 15% in the prior year.

“This was a very strong result by our sales teams in a challenging market. It reflects continuing positive sentiment towards retirement village living and the benefits of community, security and access to care,” said Mr Nicoll.

New care suite facilities at Aria Bay in Auckland and Copper Crest in Tauranga sold strongly. Mr Nicoll said the purpose-built care suite product at these centres is designed to offer residents a premium product with up to hospital level care.

Mr Nicoll commenting “the provision of an integrated quality care offering is core to Arvida’s long term strategy. We have similar premium care suite developments planned for our retirement communities in Tauranga, Cambridge, Queenstown and Richmond.”

## **Portfolio activity**

Arvida has a portfolio that comprises 5,456 units and beds spread across 35 retirement communities nationally. Acquisition, disposal and development activity during the year added a net 1,089 units, resulting in a 25% increase in the portfolio.

Arvida built 221 new homes in the year, across ten sites despite the closure of construction sites for the Covid-19 lockdown. Construction activity was in-line market guidance provided at the start of the year of between 200-250 units.

During the year Arvida divested four retirement communities with high traditional care mixes as it continued to rebalance its portfolio in line with strategic priorities.

Two parcels of land for greenfield development were also acquired during the year in Waikanae Beach and Te Awamutu. Arvida now has a significant future development pipeline that comprises 1,928 units.

“Adding to our land bank supports future greenfield development as we look to lift our build rate to 300+ units annually,” commented Mr Nicoll.

## **Good Friends**

Arvida celebrated the one year anniversary of its Arvida Good Friends home and community business on 15 April 2022. The business combines a unique bundle of services underpinned by market-leading technology to offer choice to those who want to keep living independently.

More than 550 members are now accessing wellbeing and social connection services from Arvida Good Friends regularly. Good Friends Go rideshare transport service has provided around 3,500 rides since launching and continues to grow in appeal.

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

## **Sound balance sheet**

Total assets grew to \$3.4 billion, up from \$2.2 billion at the start of the financial year with the addition of the six Arena villages, 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 \$158.9 million.

The net tangible asset backing increased 26% to \$1.84 per share.

During the year \$330 million was raised through the issue of 173.8 million new shares to part fund the acquisition of Arena.

Balance sheet gearing was 25% at year end, which is at the lower end of the target gearing range.

#### **Dividend and outlook**

Arvida Chair Mr Anthony Beverley said Arvida's shareholders will receive an unimputed final dividend of 3.0 cents per share. The dividend is to be paid on 22 June 2022 with a record date of 8 June 2022. The dividend reinvestment plan will be in place with a 2% discount applying.

Mr Beverley said dividends paid to shareholders for the year totalled \$40 million, noting that the shares issued in relation to the Arena acquisition attracted a dividend for the first half. The payout ratio for the year was 54% of underlying profit.

Going forward, a payout ratio towards the lower end of the Board's target distribution band of 40-60% would be targeted. Subject to uncertainties around Covid-19 and prevailing economic conditions, the current level of dividend is expected to be sustainable for FY23.

Commenting Mr Beverley said the environment for the year ahead included many uncertainties and some significant challenges for the New Zealand economy and property market.

Funding for aged care continues to materially lag the actual cost of care, which is resulting in considerable financial pressure for traditional aged care operations. Acute nurse shortages in the healthcare sector are also challenging the continued provision of services in some regions.

#### **Historical financial performance**

<b>Year ended 31 March</b>	<b>FY22</b>	<b>FY21</b>	<b>FY20</b>	<b>FY19</b>	<b>FY18</b>
Total revenue (\$M)	<b>201.7</b>	174.5	163.7	152.4	132.3
Net profit after tax (IFRS) (\$M)	<b>198.9</b>	131.1	42.6	59.1	57.6
Underlying profit <sup>1</sup> (\$M)	<b>73.5</b>	51.9	51.7	38.6	33.0
Net operating cash flow (\$M)	<b>151.8</b>	130.8	102.9	69.1	53.9
Total assets (\$M)	<b>3,396.9</b>	2,181.7	1,907.1	1,299.6	1,132.7
Underlying profit <sup>1</sup> per share (cents)	<b>12.0</b>	9.6	10.2	9.3	8.9
Dividend per share (cents)	<b>5.5</b>	5.4	5.8	5.4	5.0
Net tangible assets per share (cents)	<b>184</b>	146	127	120	110

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#### **For more information, please contact:**

Jeremy Nicoll, Chief Executive Officer, Arvida Group Limited  
Tel: +64 21 403 665 or email: [jeremy.nicoll@arvida.co.nz](mailto:jeremy.nicoll@arvida.co.nz)

Mark Wells, Chief Financial Officer, Arvida Group Limited  
Tel: +64 21 327 054 or email: [mark.wells@arvida.co.nz](mailto:mark.wells@arvida.co.nz)

#### **About Arvida:**

Arvida is one of New Zealand's largest aged care providers owning and operating 35 retirement villages located nationally. Each village operates independently under a corporate structure that supports village operations to ensure quality and consistency of service. Arvida provides over 6,750 residents with 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)