



18 November 2014

## Arvida launches IPO

Arvida Group Limited (**Arvida**), a new national retirement village group to comprise 17 retirement villages and aged care facilities located in the North and South Islands, has registered a prospectus for an Initial Public Offering and a listing on the NZX Main Board<sup>1</sup>.

The offer comprises an issue of new shares to eligible institutions and to retail clients of NZX firms to raise up to \$80 million. The price of the new shares will be determined by a bookbuild process. The offer includes a Priority Pool of \$5 million for existing residents, staff and investors in the retirement villages and aged care facilities.

The proceeds of the offer will be used to partially pay down debt, to provide a small amount of liquidity for existing shareholders, and to meet the costs of the offer. On completion of the offer existing investors, including directors and senior management, will own approximately 60% of the shares in Arvida and be subject to escrow agreements until 31 May 2016.

Chairman- Peter Wilson says Arvida's strong portfolio of assets including independent retirement living and aged care facilities will have portfolio quality comparable with other listed retirement operators in the care sector while providing a differentiated balance through a focus on care rather than lifestyle services

Approximately 54% of Arvida's facilities are for aged care while a further 25% are serviced apartments. Arvida has approximately 1800 residents at its properties.

"Arvida's portfolio of 17 established villages and facilities includes existing planned or consented brownfield opportunities for the construction of more than 160 retirement units or care beds. Following integration, the Group will be well funded to consider the acquisition of additional villages which meet our criteria of adding to our geographical coverage and the immediate benefit of incremental earnings. The Group will look to address greenfield development options over time," Mr Wilson says.

The Board of Arvida comprises Mr Wilson, as Chairman, Anthony Beverley as an Independent Director and Michael Ambrose, a director of Hercules (Arvida's predecessor) and the driving force behind the amalgamation proposal over the last 18 months. Mr Ambrose will continue as a Non-executive director. The board has appointed Bill McDonald as Chief Executive Officer and Jeremy Nicoll as Chief Financial Officer. In addition, Duncan Abernethy who has been project manager for the amalgamation has been appointed Integration Manager.

Mr McDonald says the existing village management teams and staff will continue in their current positions as the executive team focuses on integration tasks and realising the brownfield development opportunities within the portfolio.

"For all residents, management, staff and suppliers in the Arvida Group it will be business as usual as we go through the next stages of developing Arvida as a national entity meeting the needs of retired New Zealanders and their families for high quality retirement and care services."

Arvida's prospective financial information is projecting a net profit after tax of \$10.6 million, and underlying profit of \$13.2 million, for the first full year of operations ended 31 March 2016. The Board intends to pay quarterly dividends amounting to 60-80% of underlying profit per annum. The first dividend is scheduled to be payable for the quarter ending 31 March 2015 and total cash dividends anticipated to be declared in FY16 plus imputation credits are expected to deliver a gross dividend yield of 5.7% to 6.0% across the indicative offer price range.

Foundation village and care facility members of the Arvida Group include: Glenbrae, Bay of Plenty; Molly Ryan, New Plymouth; Olive Tree, Palmerston North; Waikanae Lodge, Waikanae; Oakwoods and The Wood, Nelson; Ashwood, Blenheim; Ilam, The Maples, Mayfair, Park Lane, Rhodes on Cashmere, St Albans, St Allisa and Wendover, Christchurch; and Bainlea and Bainswood, Rangiora.

International property services group CBRE Limited has assessed the aggregate value of Arvida's villages at \$227 million as at 31 March 2014.

Forsyth Barr is the Arranger for the offer.

### **Offer timetable**

Offer Document Registered	Monday 17 November
Bookbuild for Eligible Institutional Investors and NZX Firms	Thursday 20 November
Final price and allocation outcomes announced	Friday 21 November
Offer opening date	Wednesday 27 November
Priority Pool closing date	Monday 8 December
Offer closing date	Monday 15 December
Allotment Date	Wednesday 17 December
Quotation and trading of shares expected to commence on the NZX Main Board	Thursday 18 December

The offer timetable is indicative only and can be altered at the Company's discretion.

### **Director and Executive Biographical notes**

#### **Peter Wilson, Independent Chairman**

Peter is a Chartered Accountant and business consultant, and was formerly a partner of Ernst & Young. He has extensive experience in banking, business establishment, problem resolution, asset sales and management of change functions. He is currently Chairman of Westpac New Zealand Limited, Deputy Chairman of Meridian Energy Limited, Chairman of Augusta Capital Limited, and a director of PF Olsen Limited and Farmlands Co-operative Society Limited.

#### **Anthony Beverley, Independent Director**

Anthony is an investment specialist and business consultant with extensive experience in the property, investment, and capital market arenas. His current directorships include Property For Industry Limited, Marlborough Lines Limited, Harbour Quays A1 Limited, Harbour Quays D4 Limited and Harbour Quays FIF2 Limited. He has worked in the property investment and funds management industries for more than 28 years and was formerly head of property for AMP Capital Investors (New Zealand) Limited.

#### **Michael Ambrose, Non-Executive Director**

Michael is a Director in Rodgers & Co, a chartered accountancy firm based in Christchurch and heads the firm's Aged Care division. Michael is involved in management consultancy,

strategic work and restructure for his clients and has 16 years' experience in the Aged Care sector.

**Bill McDonald, Chief Executive Officer**

Bill is an experienced retirement and aged care specialist with 12 years participation in the sector including the development of the highly acclaimed Rylands facilities in Melbourne. The three development projects were stand out commercial successes winning multiple awards from the Urban Development Institute of Australia and Australian Institute of Building. When the Rylands business was acquired by Stockland, Bill became Regional Operations Manager for Victoria, operating Stockland's 24 Retirement villages. Bill played a key directional role for the business as a member of the State Executive Committee.

**Jeremy Nicoll, Chief Financial Officer**

Jeremy is a Chartered Accountant who has held a number of senior positions within the financial services sector. Jeremy has acted as CFO for two listed property trusts and led the real estate division of ING (NZ) Limited. Jeremy is a past President of Property Council New Zealand.

**Duncan Abernethy, Integration Manager**

Duncan was appointed as Project Manager in June 2014 by Arvida to manage the due diligence process of the Aggregation and IPO under the Proposed Transaction. Duncan has held executive finance and development roles and directorships across many industry sectors, including retirement care, energy, industrials, communications and technologies. Duncan gained over 18 years' experience with Todd Corporation working on and within growth orientated businesses in the public market and private sector.

For further information contact:

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1. Application has been made to NZX Limited (NZX) for permission to list Arvida and to quote its Shares on the NZX Main Board. All of the requirements of NZX relating to that application that can be complied with on or before the date of this announcement have been duly complied with. However, NZX accepts no responsibility for any statement in this announcement. The NZX Main Board is a registered market operated by NZX Limited, which is a registered exchange, regulated under the Securities Markets Act 1988.