



NZX RELEASE

CHAIR'S ADDRESS TO THE ANNUAL MEETING OF SHAREHOLDERS

2 July 2021

"After a challenging first half year, the second half did gather momentum with the outcome being an underlying profit of \$51.9 million which was at the same level as the 2020 year's result. We consider this to be a strong result considering the significance of Covid 19 and its wider economic impacts.

We are all reminded of the ongoing challenges of this pandemic which is clearly far from over with new mutations of the virus emerging and material global impacts continuing.

Our aged communities are among the most vulnerable and with the vaccination roll out stuttering (in my view), we are some way off achieving levels of immunisation that provide acceptable protection here in New Zealand. Our sector also has the challenge of skilled labour resource both in the provision of care and in the construction industry. Both are well canvassed, but the shortage is very real. Successfully concluding New Zealand's vaccination programme and further relaxing border restrictions are essential steps to a stabilised future.

The recent announcement regarding the dis-establishment of DHBs and establishing new management and governance structures across the health sector is a bold objective. Having worked in the early days of health reforms I think the opportunity for greater efficiency and consistency is compelling. However, it comes with considerable execution risk and a foreseeable reluctance for change from some local territorial interests. A determined push from a mandated Government provides an ideal opportunity for meaningful reform.

Our sector, and presumably others in health, see opportunities for innovation and more efficient delivery of care that will result in improved health outcomes. Delays and complications in the restructure risk stifling the implementation of new ideas. A more enlightened approach to funding is also required. Arvida's investment in this facility we are meeting in today and the associated offerings to the broader community are an example of an innovative approach with direct benefits for the wider community.

The links that a community facility, such as Park Lane, provides for those who wish to remain in their own home with flexible support services according to individual needs, is truly compelling. As we age, we need to enjoy the stimulus of company with others, exercise frequently and be well nourished. To maintain independence without the sense of loneliness requires the approach that is central to the Arvida Wellness strategy – a subject that Bill will amplify in his address.

Bill will also talk to the investment in care facilities over the last year. Both Aria Bay and Copper Crest projects have been completed successfully and with very strong interest from residents and their families. Provision of quality care offerings in our villages is central to our strategy with a number of similar projects planned.

With a strong development and build programme in the second half of this last year, coupled with a less conservative approach from our independent valuers, we enjoyed a revaluation gain of \$123.5 million. Each of the greenfield projects at Waimea Plains in Richmond and Te Puna Waiora in Kerikeri have proceeded well with strong interest continuing at Waimea Plains and encouraging interest in the first offerings at Kerikeri. We are also pleased with the conditional purchase of additional greenfield sites and we will release details on these as they are confirmed.

The intended change in dividend frequency and range together with the provision of a dividend reinvestment plan will balance the desire of continuing to provide a good return for shareholders while providing additional capital to fund growth to deliver sustainable longer-term returns.

Looking ahead, Arvida is addressing the changing needs of our aging population and investing to deliver to those needs through both physical facilities and the critical technology solutions that enable enhanced care and well being in the home.

As you will be aware, the Commission for Financial Capability has delivered its report and advocated for a substantial review citing some specific areas of concern. Arvida has been a party to industry submissions and we have reviewed our processes and experience in addressing the Commission's issues.

We don't subscribe to a one-solution-fits-all as each matter of resident concern needs to be sensitively addressed. The results of our independent surveys of resident and their family responses have been extremely favourable. We believe we strike the correct balance between providing a comprehensive quality care offering and meeting the reasonable needs of all of our stakeholders.

Discussion on clarification and enhancements to the Code of Practice is welcomed if this is required after a review of the industry led enhancements currently underway.

We have a changing of the guard this year and we along with all of you will want to acknowledge the contribution Bill has made to the success of Arvida and its strategy for the future. I propose we should address our appreciation under general business.

This is my last meeting as Chair of Arvida Group and it has been a rewarding seven years. The strategy to roll up a number of existing villages and to establish a coherent and aligned business was envisioned in part by Michael Ambrose. To then grow that business through acquisitions and brown and greenfield development seemed ambitious at the time. However, the Group has delivered a significant listed entity with a great base for the future – and a team at Management and Board to maintain the momentum.

It has been a privilege to have the opportunity to be a part of the success of Arvida.”

- ENDS –

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About Arvida:

Arvida is one of New Zealand's largest aged care providers owning and operating 32 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