



NZX RELEASE

6 July 2018

10:30am, Stamford Plaza, Auckland

Annual Meeting Chair's Address

Arvida's performance in financial year 2018 was successful on many fronts.

A feature of the result was a 43% increase in Underlying Profit to \$33 million. On a per share basis, this represented 16% growth on last year.

Your Board declared an increased final regular dividend of 1.30 cents per share and a special dividend of 0.26 cents per share, on the back of this strong financial performance. The total dividend paid for the year was 5.01 cents per share, an increase of 13% over the prior year. This represented a pay-out ratio of 60% of Underlying Profit.

The Board believes that the group will continue to deliver growth in dividends with the current pay-out ratio being sustainable and forming the midpoint of our pay-out range going forward. A change in policy band to 50%-70% of Underlying Profit more appropriately balances reinvestment of earnings in the business, given our growing development profile, with the interests of shareholders for dividend yield. Our policy dividend pay-out range continues to be the highest in the sector.

Total distributions paid to our shareholders since listing now exceeds \$50 million. Almost \$20 million was distributed to shareholders by way of dividends this year.

Arvida is well placed to continue to grow and deliver enhanced financial performance having established a national platform with a modest corporate support structure. Our core strategy for managed growth continues to be well executed with 11 villages added since listing and a current development pipeline of over 1,000 new units. All acquisitions have been a source of stable and growing earnings. They have also contributed to form a group of scale that now represents one of the larger aged care operators in New Zealand with total assets of over \$1.1 billion.

The three villages acquired last year were complementary to our integrated care strategy and national footprint. Integration of these villages was seamless and each have performed ahead of expectations

A total of 97 new units were delivered across six sites over this last financial year. Development activity continues to escalate with projects in progress at eight sites currently.

As previously announced we have complemented our brownfield development activities by securing our first greenfield development site in May 2017. Consenting of the master plan for this Richmond site proceeded with earthworks on this site commencing last month. An update on this development will be provided by Bill in his address.

With significant activity progressing and planned within the Waikato and Bay of Plenty regions, head contractor functions were brought in-house earlier this year. A highly experienced team joined Arvida and will complete care and apartment construction in this region. We believe there will be cost savings and increased efficiencies to be achieved through increased project oversight.

An internal construction risk committee has been established supported by external specialist oversight.

We were very pleased with the response to the capital raising last year. Proceeds were applied to fund the Village acquisitions and reduce bank gearing to retain future funding flexibility. Gearing remains conservative at 20% with headroom to complete our current developments.

Subsequent to balance date we extended our bank facility to \$250 million and introduced BNZ to the syndicated facility with ANZ. The facility is evenly split between three and five-year maturities. This facility provides some capacity to consider further acquisitions.

The Board continues to monitor the property sector outlook with house price growth slowing. Demand remains solid with occupation right sales during the year up 49% on the prior year to 295 sales. Pricing and margins also firmed. Vacancy across our villages continues to be low at less than 2%.

The Aged Care sector maintains a growth trajectory underpinned by demographic change as our population ages.

The government funded increase in caregiver wages last year was a welcome outcome for the sector. The latest increase in funding rates acknowledges the change in profile of the sector's workforce and in particular the shift in proportion of care and support workers with higher qualifications. We support the industry bodies to ensure Ministry of Health and DHB funding levels fairly contribute to the new cost structures and possible increase in nurse's pay.

We are very focused on providing high quality care outcomes for our residents. We will continue to invest in our staff and our model of care to improve the everyday life and wellbeing of thousands of elderly New Zealanders that are resident in our facilities.

Our focus on care excellence and resident-led outcomes has received high accreditation of our facilities to Ministry of Health standards. Twelve of our care facilities now have the gold standard of 4-year certification. Bill will provide you with an overview shortly on how we have achieved these outstanding results within a relatively short period and how we are transforming the ageing experience for our residents.

Our front-line staff and our management teams are genuinely committed to the care and wellbeing of our residents. This culture focused on our residents will underpin the success of Arvida. Their efforts and those of my Board colleagues are acknowledged.

- ENDS -

For more information contact:

Bill McDonald, Chief Executive Officer, Arvida Group Limited
Telephone: 021-270-3669 or email: bill.mcdonald@arvida.co.nz

Jeremy Nicoll, Chief Financial Officer, Arvida Group Limited
Telephone: 021-403-665 or email: jeremy.nicoll@arvida.co.nz

About Arvida:

Arvida is one of New Zealand's largest aged care providers owning and operating 29 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 almost 4,000 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