



# INVESTOR NEWS

ISSUE 10, MARCH 2020.

## UPDATE FROM THE CEO

BILL MCDONALD

- 80% of Arvida care centres have now attained the “gold standard” of four-year certification.
- Total gains from ORA sales (new and resale) up 56% on the corresponding period to February. Sales activity continues to be above last year, in terms of both volume and pricing.
- Construction is progressing well across developments. We are on track to deliver 200 new units this year and build 250+ new units in FY21.

It has become clear over the past week that the Coronavirus (or COVID-19) situation is evolving very rapidly as it continues to cross borders around the world including a confirmed case now in New Zealand.

The Ministry of Health considers the likelihood of widespread outbreak in New Zealand to be low to moderate. While much is still unknown about the transmission of this strain of Coronavirus, we are treating the potential risk seriously with resident safety the prime concern.

A panel comprising members of our senior leadership team was established early February to monitor developments and communicate actions to village and care personnel. As a precautionary measure, infection control protocols were reviewed with all villages and additional measures brought into place for residents, staff and contractors.

The New Zealand health system generally has good infection control protocols and these are regularly reviewed for the aged care sector as part of audit compliance to Ministry of Health standards. The fact that all our care centres have attained high and, in the majority, the highest standard of certification in these audits means we have effective and high standard control protocols in place.

Infection outbreaks are addressed routinely by staff. They are trained to work in this environment. At the same time, Arvida is preparing for the possibility that the COVID-19 situation in New Zealand could become more serious, with sustained community transmission. We are taking steps to ensure we have access to supplies and appropriate protocols are in place to prevent transmission among residents and staff caring for residents.

Regular Ministry of Health updates are available at [www.health.govt.nz](http://www.health.govt.nz).

## AGREEMENT WITH FIVE GOOD FRIENDS

Arvida has finalised an agreement with Five Good Friends for use of its technology in New Zealand. The platform will allow delivery of care and support services into the home and enable the integration of Arvida villages with the wider community.

Five Good Friends has operated in Australia since 2016. It has developed a curated smartphone application that connects people requiring home care services and their family with regular helpers.

“By combining skilled and caring people with easy to use intelligent technology, Five Good Friends puts the individual and their family in control of their care and support,” says Bill McDonald, CEO of the Arvida Group.

The Five Good Friends app gives transparency to who is in the home, what services have been provided, and connects the care team and helpers directly with the customer. It is responsive to the changing requirements

of the customer and uses proprietary technology to inform those that need to know of changes in health. It’s consistent with Arvida’s vision of placing the customer at the heart of service delivery to ensure ongoing, high-quality care.

“We believe the platform will create the opportunity for everyone to better maintain their individual lifestyle and independence. We see the technology having application in the wider community, as we continue to develop our outwardly-facing community strategy”.

Arvida plans to pilot the service in Christchurch later this year, to coincide with the completion of the wellness centre currently being constructed at Park Lane.

“The wellness centre and Five Good Friends platform form part of a holistic solution that will assist everyone to age well, regardless of where they choose to live. By fostering greater community connection, we hope to address the isolation and loneliness that is affecting the health and wellbeing of our aged communities.”

## OPERATIONAL UPDATE

Arvida is tracking well to lead demand indicators as the close of the 2020 financial year approaches.

Operationally, embedding 'the attitude of living well' across Arvida's retirement communities continues to deliver benefits. The positive results are evident in the headline numbers of resident promotor scores, occupancy rates and the staff engagement survey. They're also reflected in the experiences shared by residents, their families and staff. The data collected confirms excellent progress is being made with implementing and maintaining a culture focused on great outcomes and tangible wellbeing benefits for residents and team members.

The agreement with Five Good Friends will be the first Arvida initiative that takes 'the attitude of living well' into the broader community.

In the next few months updates will be received from the Ministry of Health on the review they commissioned on the funding model for aged residential care, as well as the final report from Australia's Royal Commission of Inquiry into Aged Care Quality and Safety. Assessing the findings from these reviews will be important to our core strategy of focusing on the provision of quality, person-centred care.

## OPERATIONAL METRICS

An additional Arvida care centre achieved four-year certification in Ministry of Health audits. Arvida now has 20 out of 25 centres holding this gold standard certification. Care centre occupancy remains consistently high at 95% (95% 3Q19).

For the last three years, Arvida has engaged McCrindle to survey its villages and care centres to gauge resident satisfaction. Resident satisfaction is assessed using Net Promoter Score (NPS). The latest survey results were again exceptional with an NPS result of +54 recorded by Arvida village residents and +52 by Arvida care centre residents.

## GIVING BACK CHALLENGE

Over the course of last year, our residents participated in an ongoing Arvida charity event - The Giving Back Challenge. This event was designed by our residents to raise funds for their chosen charity as part of an Arvida Living Well initiative.

In total residents raised **\$70,567** and donated **7,047** hours of their time to local charities.

The benefits of the event were multi-faceted, in terms of both the resource given back to communities, the sense of purpose generated and the community links formed.

## SALES & MARKETING

TRISTAN SAUNDERS  
GM, SALES & MARKETING



## SALES UPDATE

Sales activity leading up to the end of December was well ahead of the prior year with a total of 111 ORA sales (new and resale) settled in the third quarter, a lift of 46% on the third quarter of the prior year.

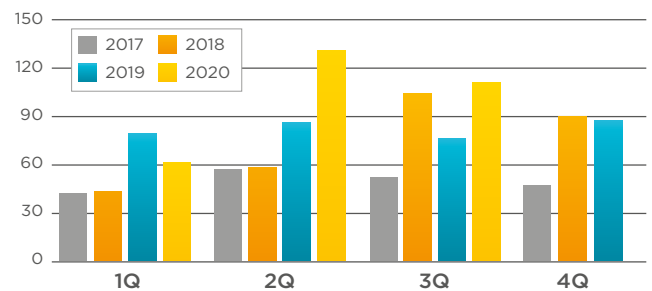
Settlement activity is typically lower over January and February coinciding with the holiday period, however we continued to receive steady enquiry through this period particularly in summer destinations.

At the end of February, a total of 345 ORA sales had settled in this financial year, an 18% lift on last year's volume for the corresponding 11 month period. Total gains from ORA sales (new and resale) were up 56% to \$34 million.

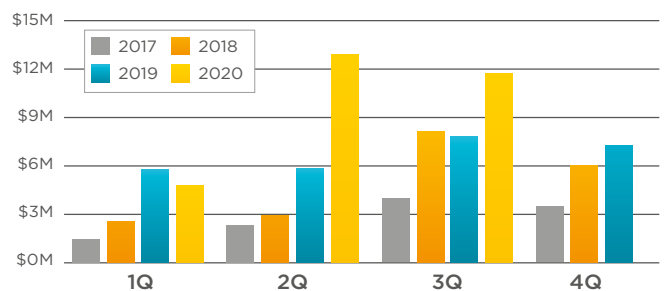
Resale activity continues to be a strength with record gross proceeds of \$91 million from 244 resales delivered in this period. Only 49 resale units remained uncontracted across our portfolio at the end of February.

We continue to see this upward pressure on our pricing regionally. The average resale price for the eleven month period increased 11% to \$375,000, and the actual resales have been completed at 4% above unit pricing assumed by our independent valuers in the March 2019 valuations.

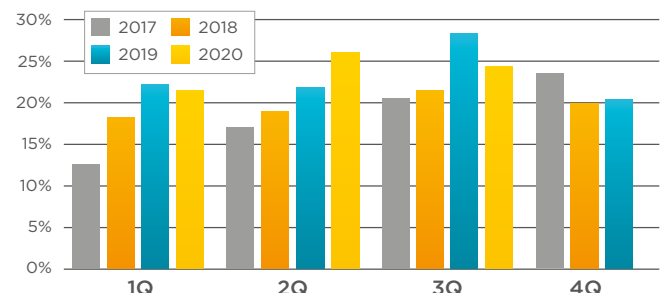
### TOTAL NUMBER OF SALES (Units)



### TOTAL GAINS ON SALES\* (\$ millions)



### RESALE MARGINS (%)



\* Aggregated for new and resale units

REINZ HPI February data indicated housing market values nationwide year-on-year lifted 9.1% outside of Auckland.

# DEVELOPMENT UPDATE

JONATHAN ASH  
GM, DEVELOPMENT



## DEVELOPMENT UPDATE

The development team is on track to meet guidance of delivering a total of 200 new units this financial year. Construction completing this half comprises apartments at Park Lane and St Albans in Christchurch, serviced apartments at Glenbrae in Rotorua and villas across our Tauranga, Havelock North and Queenstown villages.

The construction programme underway for delivery in the next financial year is also well advanced. Two key projects at Aria Bay in Auckland and Copper Crest in Tauranga are due for completion before December 2020. These two projects will be our first to include care suites and will reflect our new design and layout for care centres.



## A BRIEF UPDATE ON OTHER KEY CONSTRUCTION PROJECTS IN PROGRESS

- **Kerikeri greenfield development:** Resource consent was granted in November for earthworks and 28 stage one villas. Construction has commenced. Master planning for the development has been completed and resource consent for the remainder of the development has been lodged.
- **Waimea Plains (Richmond):** Construction of 25 stage two villas and the resident's clubhouse is underway.
- **Bethlehem Country Club (Tauranga):** Construction continues on the eastern extension villas.
- **Bethlehem Shores (Tauranga):** The development team is also making good progress on completion of the next stage of 14 villas. In December, resource consent for earthworks on the next stage of 64 villas was granted. This work commenced over summer.
- **Lansdowne Park (Masterton):** Settlement on the acquisition of an adjacent site has occurred. Resource consent has been granted to build 53 villas and resident facilities on the site.
- **Rhodes on Cashmere (Christchurch):** Construction of 8 apartments is nearing completion with exterior works to be completed early in the next financial year.
- **St Albans (Christchurch):** Work on the hospital and service apartment wing commenced towards the end of last year. This wing will complete the St Albans site.
- **Park Lane (Christchurch):** Construction of 49 apartments will complete this month. Construction



*Developments at Aria Bay. Top and centre: Artist's impressions of apartment views and main entrance. Bottom: Construction progress.*

of the wellness centre that will house the outwardly facing community facilities at Park Lane has started. Amenity will include a pool, gym, café and allied health consulting rooms. Completion is planned for December 2020.

- **Queenstown Country Club (Queenstown):** Construction on the next stage of 20 villas is underway on the back of strong pre-sales. Planning is also underway for construction to commence on the resident's clubhouse shortly. Design of the care and apartment building is also being advanced. On the neighbouring site, the childcare and medical centres have opened, and construction of the new Southern Cross hospital has started.

# ARVIDA INVESTOR CENTRE

We look to publish an investor update twice yearly. Your feedback and suggestions are greatly welcomed. See contact details below.

## INVESTOR CALENDAR\*

**Financial Year End:** 31 March 2020

**Release of Annual Result:** 26 May 2020

**Quarterly Dividend Payments:**

6 March 2020 (3Q FY2020)

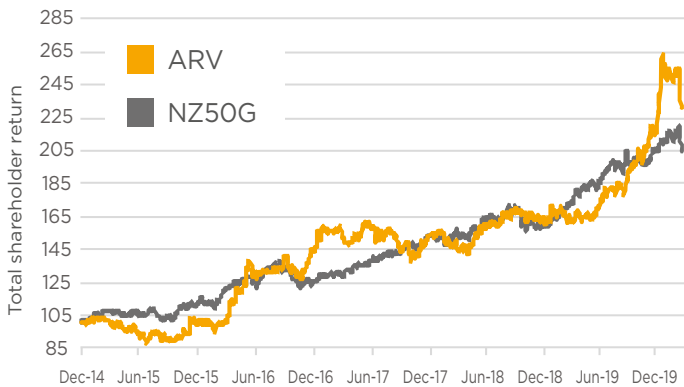
11 June 2020 (4Q FY2020)

**Annual Meeting of Shareholders:**

10.30am, 3 July 2020. Stamford Plaza, Auckland

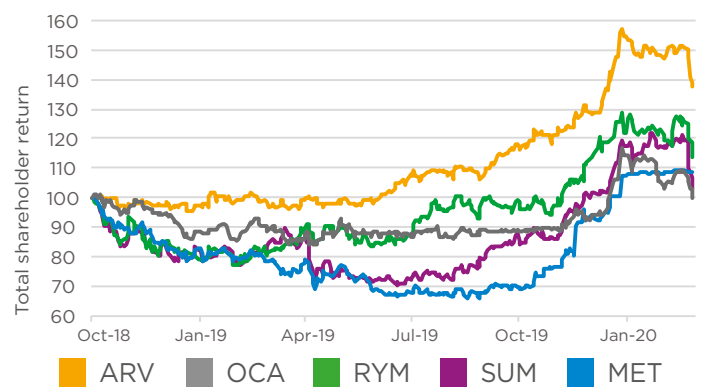
\* Expected dates, subject to confirmation.

### TOTAL SHAREHOLDER RETURNS RELATIVE TO NZ50 INDEX - SINCE IPO



Source: IRESS as at February 2020.

### TOTAL SHAREHOLDER RETURNS RELATIVE TO INDUSTRY PEERS



## AGM DATE SET FOR JULY

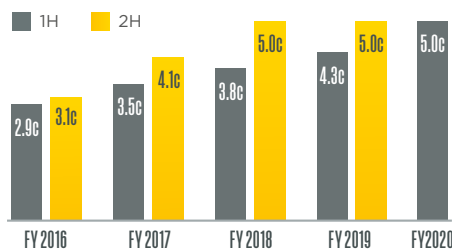
The annual meeting for shareholder is to be held in Auckland, 10.30am on 3 July at Stamford Plaza. The meeting provides an opportunity for shareholders to obtain an update on company performance and to meet with the Board and senior management. The agenda for the meeting endeavours to create a forum where views can be shared. Your attendance is encouraged.

## GO ELECTRONIC

Many of our shareholders have elected to receive communications from us electronically. This not only ensures they receive shareholder related information promptly, but importantly helps to reduce our carbon footprint.

If you'd like to change the way you receive communications from us or receive other communications from us by email, please go to [www.investorcentre.com/NZ](http://www.investorcentre.com/NZ)

### UNDERLYING EARNINGS (CENTS PER SHARE)



If you are new to this website, you will need to create a login.

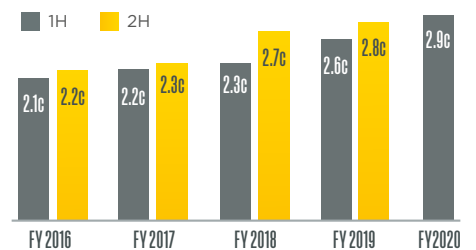
Once you have registered and obtained your user ID, you will be able to log on and select 'My Profile', then click 'Update' from the 'Communications Preferences' tile.

You will need your CSN/Shareholder number and FIN to use this online service. However, once setup, you will be able to access this service with your own User ID and Password.

### ARE YOUR DETAILS CORRECT?

To change your address, update your payment instructions and to view your registered details including

### CASH DIVIDEND (CENTS PER SHARE)



transactions, please visit:

[www.investorcentre.com/NZ](http://www.investorcentre.com/NZ)

You will need to log in to register these changes.

Alternatively, you can contact Computershare at +64 9 488 8777 or [enquiry@computershare.co.nz](mailto:enquiry@computershare.co.nz)

## CONTACT US

You can contact us at any of the addresses and number below with enquiries, feedback or suggestions:

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