



## **NZX RELEASE**

### **CHAIR'S ADDRESS TO THE ANNUAL MEETING OF SHAREHOLDERS**

**3 July 2020**

"While we did experience Covid-19 disruption at the end of the March 2020 financial year, an underlying profit of \$51.7 million that was up 34% on the previous year was a good result. The successful acquisition of a further three villages and a well-supported capital raise continued our strategy of acquiring quality income generating assets.

The impacts of Covid-19 here in New Zealand and globally have had numerous short term impacts but there is a long way to go before whatever is the "new normal" can be realistically assessed. We should all be proud of what we have achieved as a country and, in particular, the contribution the aged care sector has delivered for our most vulnerable aged communities.

Arvida was well prepared and supplemented its procedures early to meet the requirement of managing the pandemic. There were challenges as one would expect but with total commitment from all members of staff, we emerged from this phase of Covid-19 with no resident or staff infections. However, the pandemic is not over and there may well be a risk of a second phase so we must remain vigilant. Recent lapses at our borders highlight the potential risk to our communities.

Our Arvida strategy remains relevant and we will continue to maintain a capacity to invest in existing quality villages and both brownfield and greenfield opportunities. Bill will share with you our move into services for residents who choose to stay in their own home. Providing options for our ageing population that enables a degree of independence, but not isolation is important. The opportunity to be part of a retirement village community and activities while having meaningful health management will be a component in future health care regimes.

We are now three months into the new year and monitoring the elements of the hoped for economic recovery. The financial stimulus has been significant and much needed. However, while some sectors will be little affected, many more will face very challenging times.

The ageing process doesn't slow and inevitably the needs for our elderly will continue to increase as our population continues to age.

The contribution made by our sector to meeting the challenges of Covid-19 has proved to be material. One-off sector subsidies have been inadequate and have not addressed the cost incurred by operators to ensure maintenance of high health and safety operating standards. This again has highlighted the need for recognition by funding bodies that there remains an ongoing requirement for sector funding to reflect the cost of providing quality care. Aged care makes up a very important component of a sustainable health care system. Additional care funding for the sector is urgently required.

It is too early for us to be clear on how this recovery period will impact the year ahead. We have incurred a net cost of \$3 million due to Covid-19 measures and have experienced reduced sales activity over the last quarter. However, with a strong balance sheet and an expectation that sales activity may recover over the balance of the year, we expect to be reasonably well positioned.

Our intention is to maintain our dividend policy with a payout ratio of 50% to 70% of underlying profit. We would hope there would be further clarity on the future economic environment when we report on the half year results in November.”

- ENDS –

**For more information, please contact:**

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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 4,750 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](http://www.arvida.co.nz)