

Rapid Insights Conference Queenstown 2024

Arvida Group Limited
26 June 2024

Agenda

- 01 Summary Highlights**
- 02 FY25 Strategy in Action**
- 03 Queenstown Overview**
- 04 Development Overview**
- 05 Appendices**

Presenting:

Jeremy Nicoll
Chief Executive Officer

Mark Wells
Chief Financial Officer

Mark Jarvis
General Manager Strategy

FY24 Financial summary

IFRS Net Profit

\$139m

+69% vs. FY23: \$82m

Underlying Profit¹

\$85m

-3% vs FY23: \$88m

Operating EBITDA²

\$95m

+14% vs. FY23: \$84m

Total Assets

\$4.2b

+12% vs. FY23: \$3.8b

Embedded Value³

\$1.3b

+11% vs. FY23: \$1.1b

Operating Cash Flow

\$144m

-3% vs. FY23: \$148m⁴

Gearing⁵

33.9%

FY23: 30.5%

NTA⁶

205c

FY23: 190c

EPS⁷

11.7c

FY23: 12.2c

- **IFRS profit of \$139m** including record fair value movements
- Recovery in operating business with **14% lift in Operating EBITDA**
- **Underlying profit of \$85m** down 3% with higher interest cost
- **Strong growth in Embedded Value** supports future cash flow generation
- **NTA up to \$2.05** per share

1. Underlying Profit is a non-GAAP unaudited financial measure and differs from NZ IFRS net profit after tax. A reconciliation is provided in the FY24 annual report and investor presentation.

2. Operating EBITDA is a non-GAAP unaudited financial measure that adds back interest and depreciation to Underlying Profit and excludes gains on new sales.

3. Embedded Value ("EV") is an internal calculation based on the data in the independent valuation reports for all occupied units.

4. Restated \$4.3m in comparative year following settlement of material damage settlement claim.

5. Calculated as a ratio of net interest bearing debt to net interest bearing debt plus the book value of total equity.

6. NTA per share is calculated as the net assets before intangible assets divided by shares on issue.

7. EPS is calculated as the Underlying Profit divided by weighted average shares on issue.

FY24 key points

- Successfully navigated challenging property and economic environment
- Preserved headroom in our capital structure
- Delivered fee and service package revenue capture initiatives to address shortfalls
- Roll out of workforce efficiency programme
- Delivered record sales performance
- Made inroads into maturing critical operational areas of the business
- Lifted our culture and capability with implementation of People strategy
- Development programme repositioned to maintain capital position
- Divestment of integrated village completed at valuation
- Value recognition programme underway to unlock intrinsic value

FY25 Strategy in Action



FY25 strategic priorities to lift value recognition

01

Progress value recognition programme

1. Accelerate intrinsic value for shareholders

How we will measure performance:

- **Absolute total shareholder returns (TSR)**
- **TSR performance relative to listed peers**

02

Deliver operating performance

1. Reduce core debt
2. Realise cost savings
3. Improve revenue capture

- **\$200m of core debt reduction initiatives**
- **Positive cash flows from core business operations**
- **Initial \$10m annualised operational savings**
- **Fee capture mechanisms**

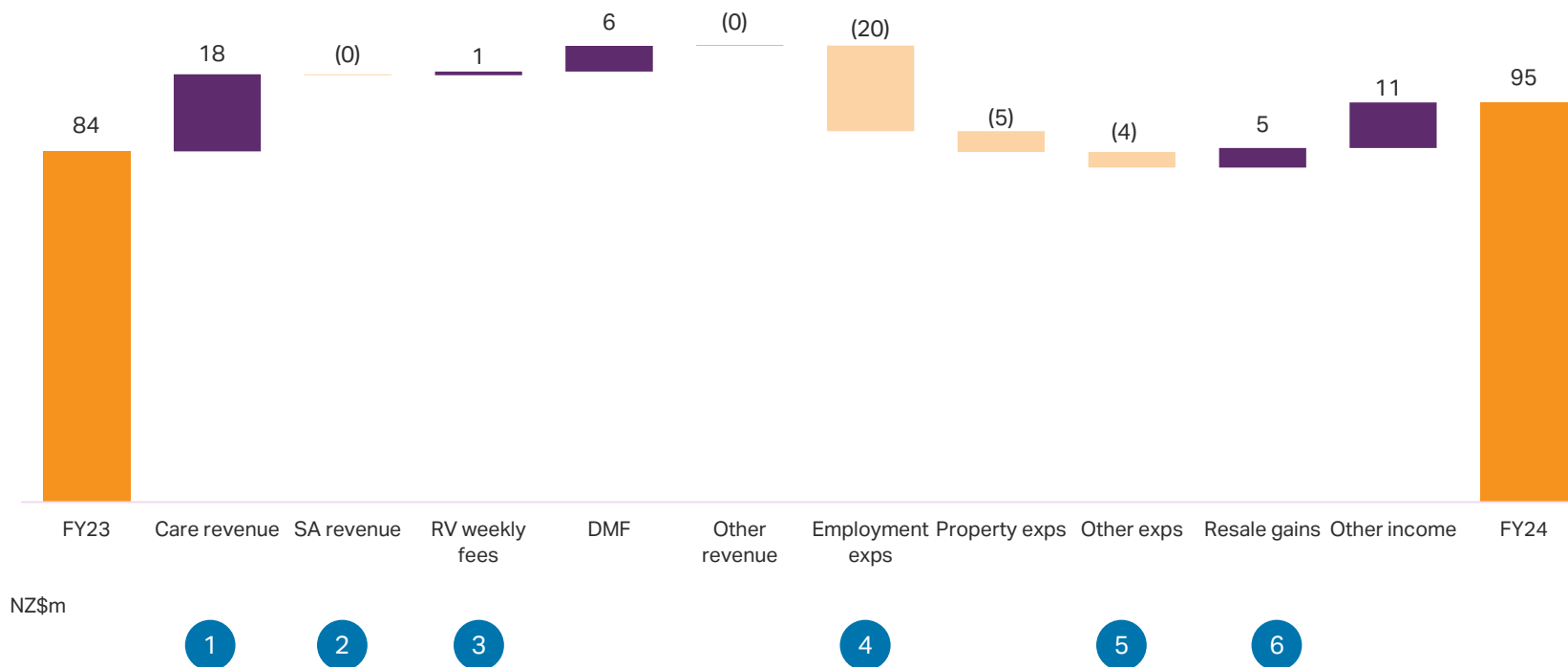
03

Balance development cash flow

1. Positive net development cash flows

- **Gross value from new sales greater than development capex (ex. cap interest)**
- **Positive whole project cash returns on future development**

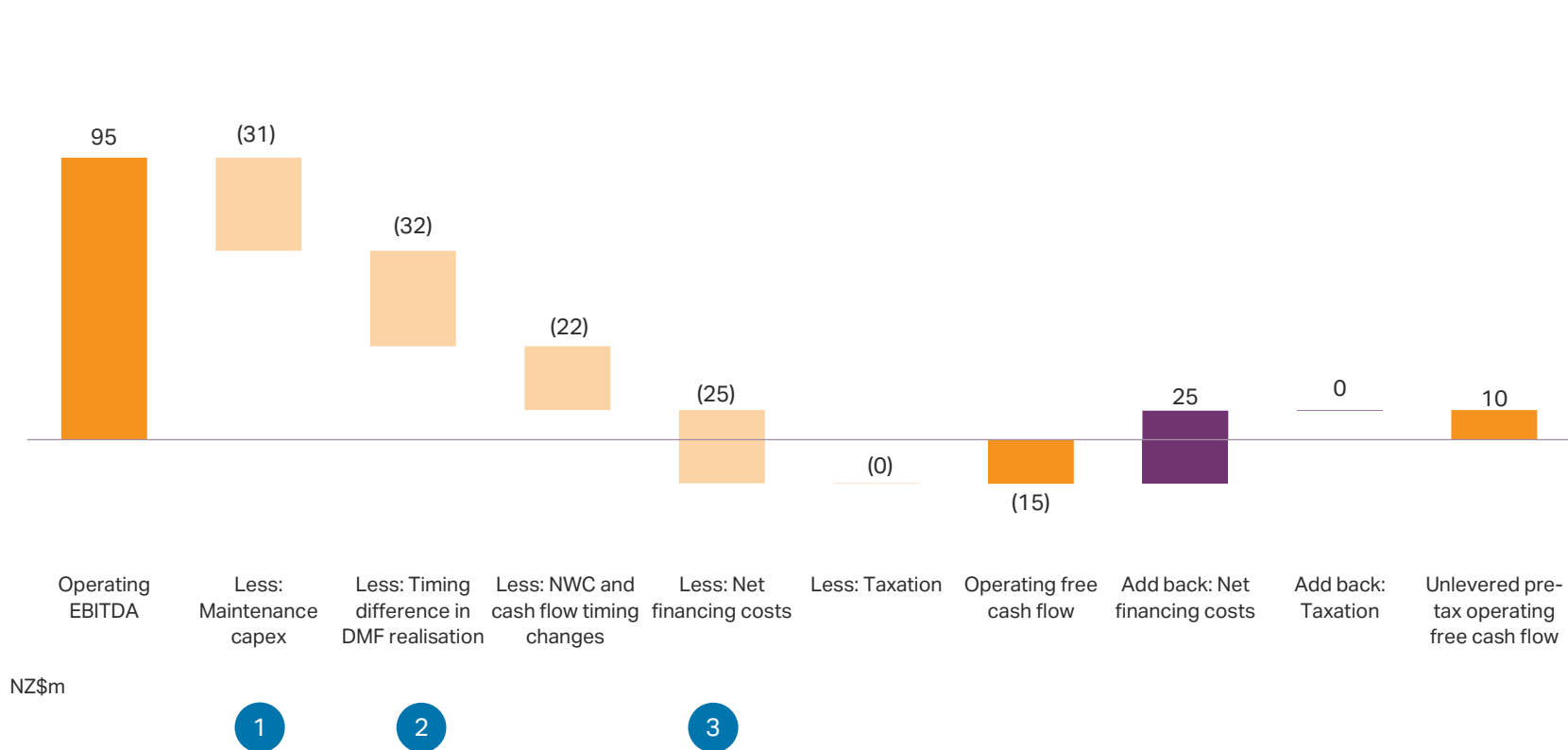
Operating EBITDA | FY23 to FY24



Initiatives in place

- 1 • Lift occupancy
- 1 • Premium fees on more beds
- 1 • Care suite conversions
- 2 • Service package pricing
- 3 • Introduce fee capture
- 4 • Workforce planning
- 4 • Reduce agency costs
- 4 • Support office costs
- 5 • Procurement savings
- 6 • Review resale pricing

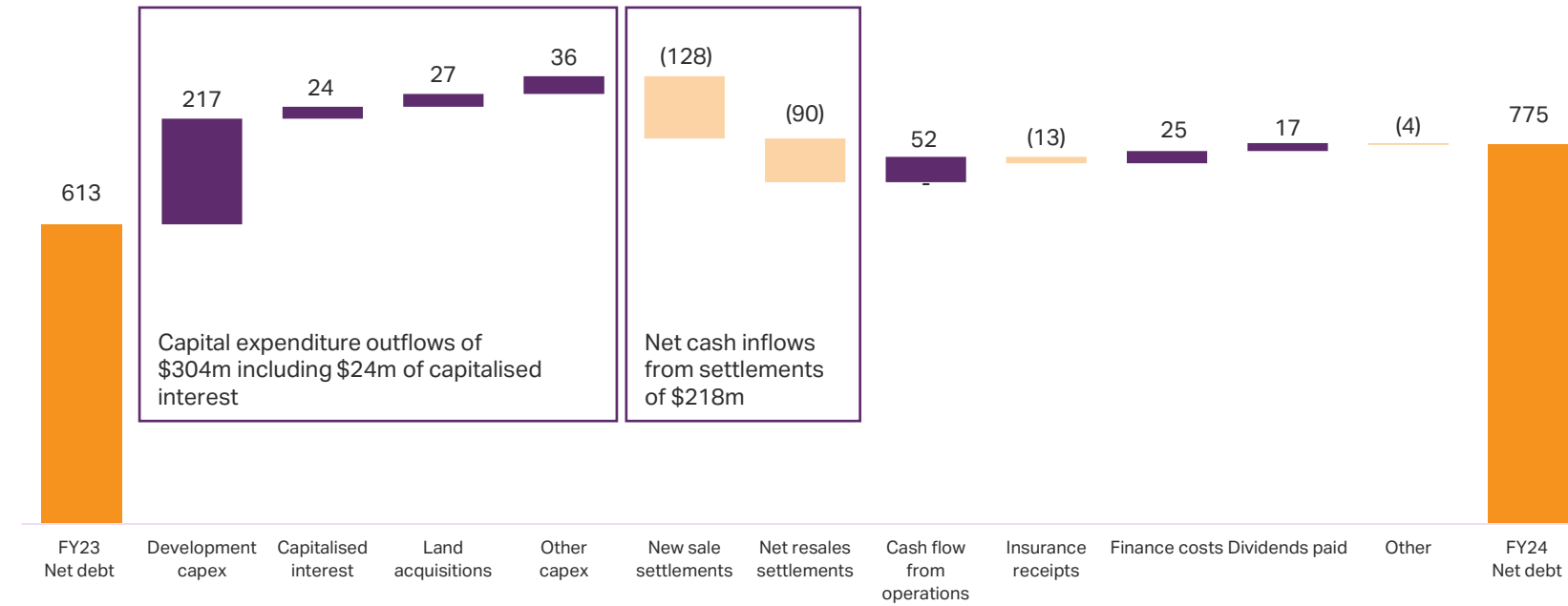
FY24 Operating EBITDA to FY24 Unlevered pre-tax OCF



Initiatives in place

- 1 • Refurbishment levels
- 2 • Receive deferred payment
- 3 • Core debt reduction

Net debt | FY23 to FY24



Initiatives in place

- 1 • Reduced development capex
- 2 • New sales momentum
- 3 • Dividend paused

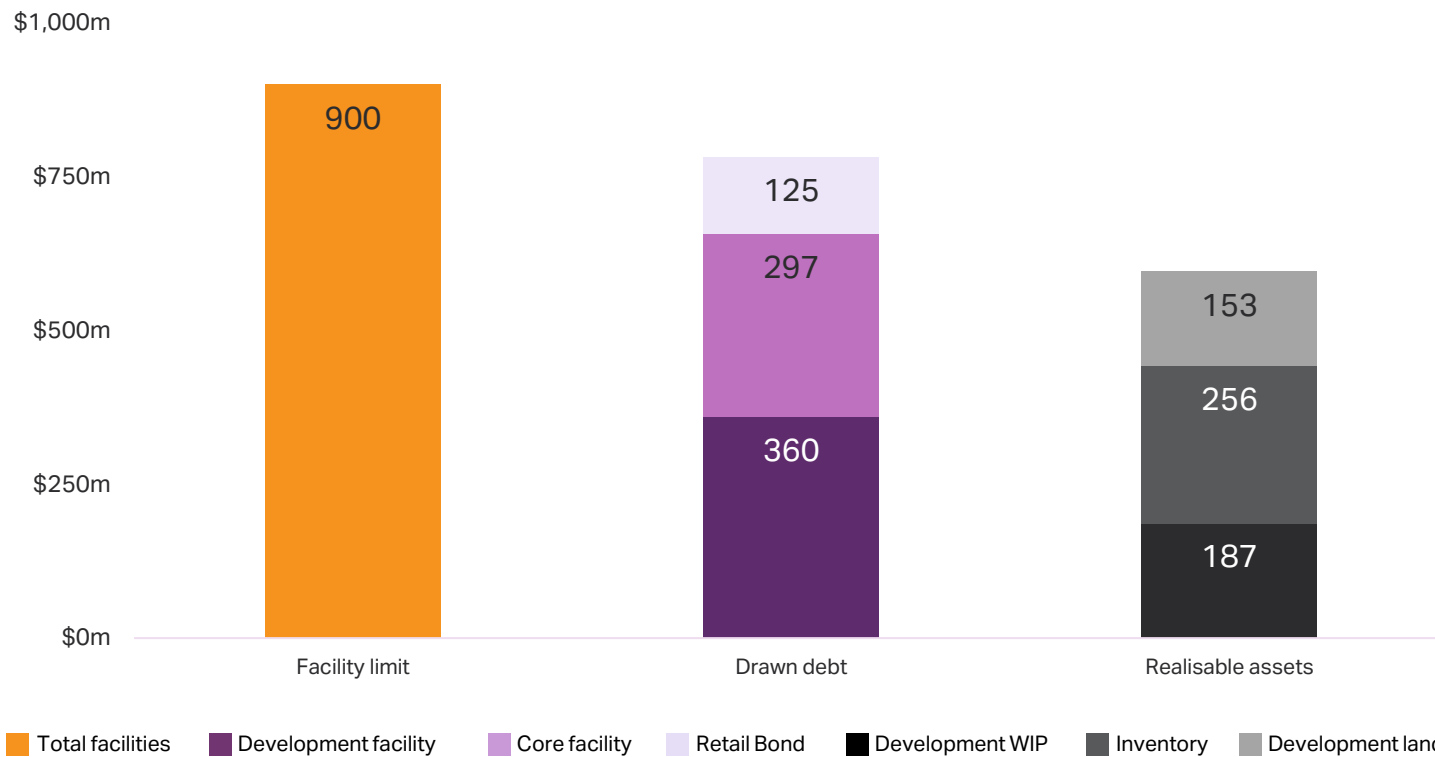
NZ\$m

1

2

3

Funding envelope



Initiatives in place

- 1 • Consent development land
- 2 • Reduce buyback stock
- 3 • Sell surplus land

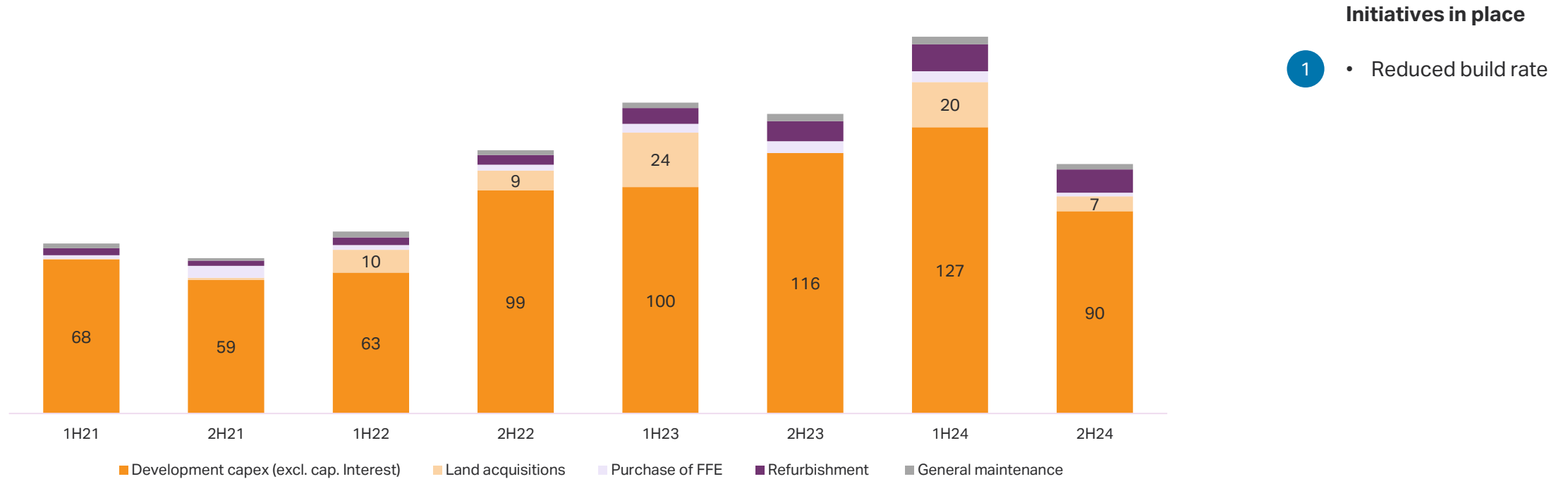
NZ\$m

1

2

3

Reduced development capex to preserve capacity headroom



NZ\$m

1

Note, 1H23 land acquisition cash flow adjusted for sale proceeds of residual land received in 2H23.

Capital recycling from developments

Queenstown Country Club – development related activity



1. Excludes net operations interest of existing units at time of acquisition.
 2. Development activities include all direct costs (interest, consultable, etc) incurred as part of the development.

Queenstown Country Club Site Tour



Development activity

Key Statistics

The 21 hectare site located in Queenstown was acquired in 2019, as a partially complete development opportunity. At the time of acquisition, the village comprised only 32 completed units.

As at 31/3/24, an additional 102 villas built as well as a Warren Mahoney designed premium resident clubhouse.

Vision

To create a premium retirement community that becomes a world-class destination for the active retiree.

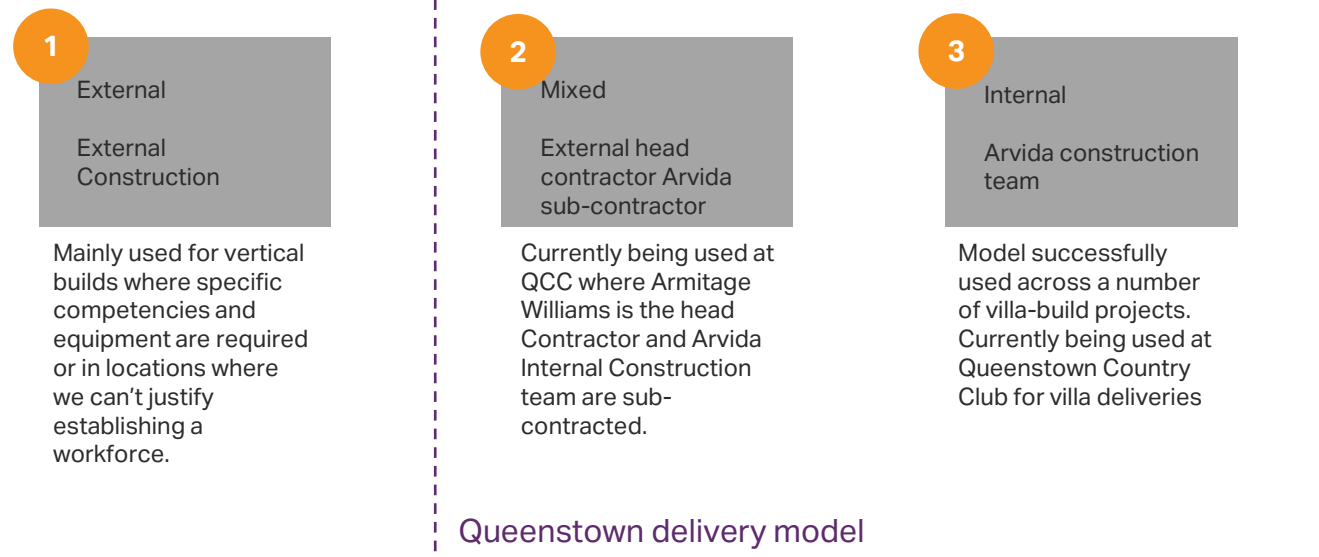
A key part of the overall strategy includes the provision of a care offering with construction of a high quality care suite center. This would uniquely position Queenstown Country Club as the exclusive provider of quality aged care services in the wider district.

Construction Activities

Arvida uses a mix of delivery models.

The Internal Construction Team builds approximately half of Arvida's developments utilising a range of direct delivery staff and trade contractors.

Utilise 3rd party main contractors to build the remainder of our projects where it is not suitable or desirable to utilise Arvida's internal construction team.



Site map

Current village

- 134 villas
- Resident clubhouse and amenity (pool, gym, café, activity space)

Development in progress (FY25 delivery)

- 7 villas
- 29 apartments
- 62 suite care centre

Future stages¹

- 23 villas / townhouses
- 33 apartments



1. Subject to board approval

Villas

Specifications

Area:

2 bedroom: 130 – 260 sqm

Premium 2/3 bd: 215 – 330 sqm

Current sales value:

2 bedroom: \$1.0m - \$2.0m

Premium 2/3 bd: \$1.9m - \$3.0m

A number of typologies are utilised.

Example floor plan



Apartments

Specifications

Area:

1 bedroom: 60 sqm

2 bedroom: 90 – 95 sqm

3 bedroom: 120 – 150 sqm

Current sales value:

1 bedroom: From \$795k

2 bedroom: From \$995k

3 bedroom: From \$1.6m

Example floor plan



Premium apartment at Queenstown Country Club.

Care suites

Specifications

Area:

Standard: 25 sqm

Premium: 40 sqm

Deluxe: 40 sqm

Deluxe plus: 50 sqm

Current sales value:

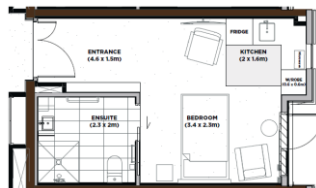
Standard: Approx. \$300k

Premium: Approx. \$400k

Deluxe: Approx. \$500k

Deluxe plus: Approx. \$700k

Example floor plan



Deluxe plus care suite at Queenstown Country Club.

Future build

Final stage to include:

- 33 apartments
- 7 villas
- 16 townhouses

Construction expected to commence in FY26 and would substantially complete construction on site.



Premium apartment at Queenstown Country Club.

Appendices



Arvida At a glance

PEOPLE

6750+
Residents

2900+
Team members

PORTFOLIO

36 ⁺³
Communities

42%
Needs based

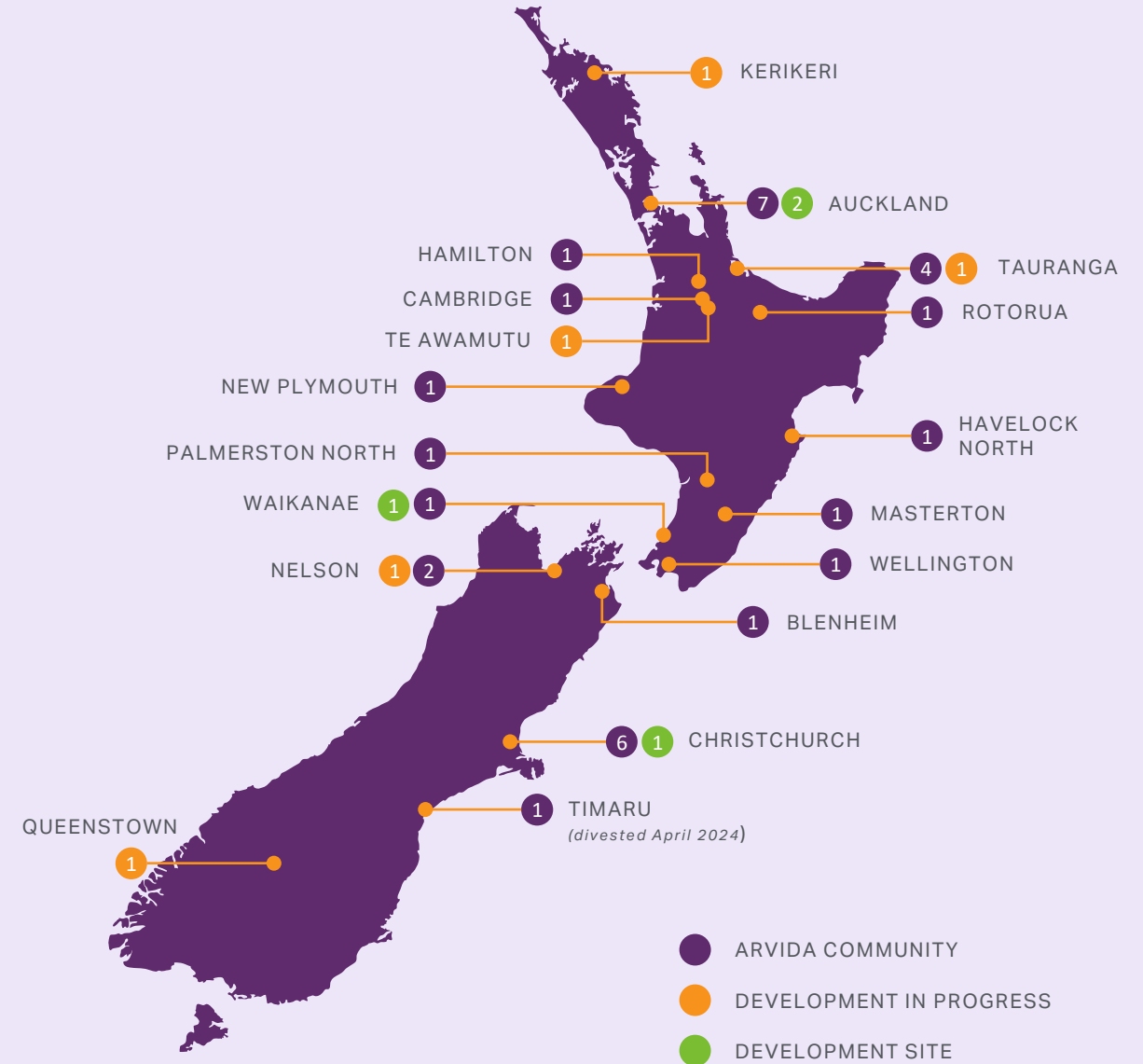
\$1.3b
Embedded value

4248
ORA Units

1541
Care beds

1877
Units in landbank

\$4.2b
Total assets



Note, statistics are presented as at 31 March 2024. Subsequent to balance date, Strathallan was divested.

Development staging¹

Greenfield Development

	Peak Capital	Units	Design	Consented	Construction	Sales	Completion
Bethlehem Shores Apartments & Care Suites	High	111	●	●	●	●	FY26
Queenstown Country Club Villas, Apartments & Care Suites	Mid	154	●	●	●	●	FY27
Te Puna Waioira Villas & Care Suites	Low	211	●	●	●	●	Ongoing
Whai Mauri Ora Villas & Care Suites	Low	184	●	●	●	●	Ongoing
Waimea Plains Villas & Care Suites	Low	51	●	●	●	●	FY28
Lincoln site Villas & Care Suites	Low	230	●	●	●	●	
Waikanae Beach site Villas, Apartments & Care Suites	Low	263	●	●	●	●	
Warkworth site Villas & Care Suites	Low	230	●	●	●	●	
Total Greenfield		1,434					

Brownfield Development

	Peak Capital	Units	Design	Consented	Construction	Sales	Completion
Lansdowne Park Villas	Low	17	●	●	●	●	FY26
Peninsula Club Villas	Low	26	●	●	●	●	FY26
Mayfair (Auckland) Apartments	Mid	57	●	●	●	●	FY27
Brownfield Development <i>Currently in progress</i>		100					
Other sites Apartments & Care Suites	Mid	343	●	●	●	●	
Total Brownfield		443					
Total Pipeline Units		1,877					

- Refocused development pipeline includes opportunity to build additional 1,877 units (gross) across 17 villages, 76% is greenfield development activity
- Brownfield development in progress comprises 100 units, with an additional 343 units in the pipeline (requires 161 ORA units to be decommissioned)
 - No plans to progress these brownfield development opportunities currently
 - No further decommissioning of units is required for current brownfield development in progress

1. Development units are subject to master planning and final board approvals, and accordingly are subject to change.

Greenfield development opportunity

- Greenfield development opportunity of 1,434 units¹, or around 7 years of activity
- Focused on bringing forward greenfield planning to enable ready activation of development programmes
 - Lincoln – rezoned and consented
 - Waikanae Beach – master planning completing, trades more competitive
 - Warkworth – lodged rezoning / plan change application, circa 40ha of surplus land to be sold
- Greenfield master plan now refined to utilise existing standardised Arvida designs as templates
 - Targeting yield of circa 200 villas and 40 care suites from urban-fringe sites
 - Apartments assessed on site location basis
- Using mix of internal and external development capability that has now built track record across a variety of construction projects
- Conditional agreement to acquire greenfield site, with FY26 settlement

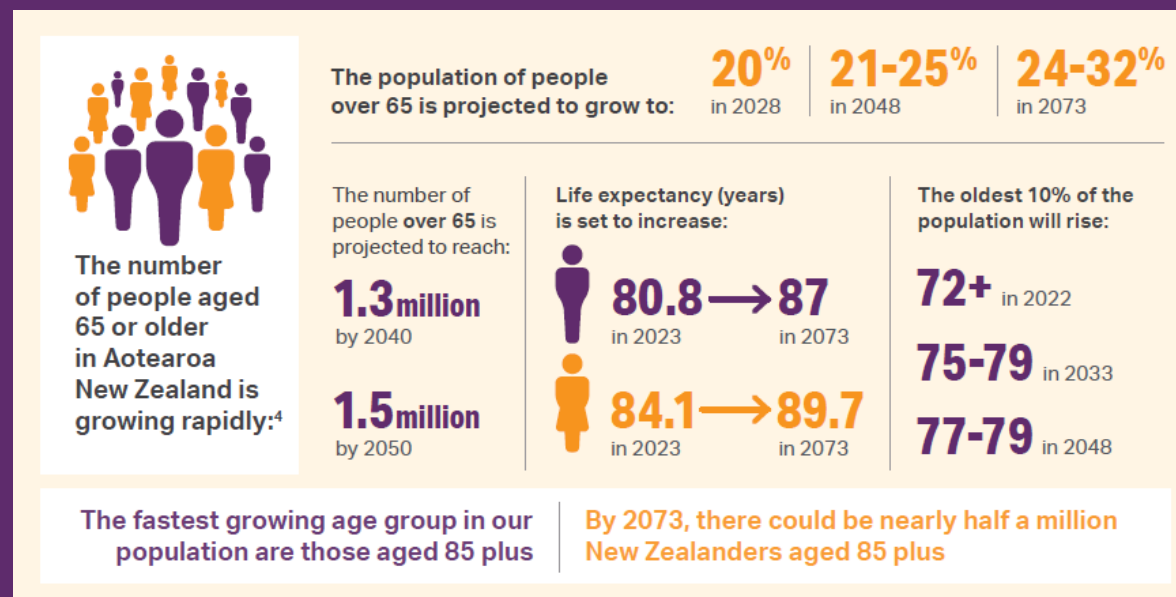


Drone image of Warkworth greenfield development site acquired in FY24. Site comprises circa 55 ha located at the end of the northern motorway, with circa 40 ha of surplus land to be sold.

1. Development units are subject to master planning and final board approvals, and accordingly are subject to change.

Outlook

- Volatility in economic outlook reducing, with inflation and interest rate expectations moderating – but with the possibility of a longer economic cycle than expected
- Workforce shortages now largely limited to more experienced nurses in some regional areas
- Property market waiting for a clear signal that mortgage rates will fall
- Clarity on government policy for aged care funding and service models coming from current reviews
- Demographic tailwinds underpin demand but new supply to market remains curtailed in current market



Report published by the Aged Care Commissioner, March 2024.

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