

# NOTICE OF MEETING AND SCHEME BOOKLET

For a scheme of arrangement between Arvida Group Limited (**Arvida**) and its shareholders in relation to the proposed acquisition of all of the fully paid ordinary shares in Arvida at a price of NZ\$1.70 per Scheme Share by Stonepeak Alps BidCo Limited (**Stonepeak**).

**YOUR DIRECTORS UNANIMOUSLY RECOMMEND THAT YOU VOTE IN FAVOUR OF THE SCHEME, IN THE ABSENCE OF A SUPERIOR PROPOSAL.**

## The special meeting will be held at:

**Time:** 2.00pm (New Zealand time)

**Scheduled date:** Wednesday, 25 September 2024

**Place: In person:** JW Marriott (Ballroom 1 & 2),  
22-26 Albert Street, Auckland CBD, New Zealand

**Virtually / online:** via Computershare's virtual meeting platform (<https://meetnow.global/nz>) using a computer, laptop, tablet or smartphone.

## IMPORTANT

This is an important document and requires your immediate attention. You should read it in its entirety before deciding whether or not to vote in favour of the Scheme. If you are in doubt as to any aspect of the Scheme, you should seek advice from your financial, taxation or legal adviser.

If you have sold all of your shares in Arvida, please disregard this Scheme Booklet and hand it and the accompanying Proxy/Voting Form to the purchaser or the agent (e.g. the broker) through whom the sale was made, to be passed onto the purchaser.

An Independent Adviser's Report on the merits of the Scheme accompanies this Scheme Booklet and should be read carefully in conjunction with this Scheme Booklet.

## Important Information

### Purposes of this Scheme Booklet

The purposes of this Scheme Booklet are to:

- provide you with information about the proposed acquisition of Arvida by Stonepeak;
- explain the material terms, conditions and effect of the Scheme;
- explain the manner in which the Scheme will be considered by Shareholders and, if approved, implemented;
- provide you with information that could reasonably be expected to be material to your decision whether or not to vote in favour of the Scheme; and
- communicate the information required by the Takeovers Panel in relation to the Scheme.

This Scheme Booklet is not a product disclosure statement.

### Your decision

This Scheme Booklet does not take into account your individual investment objectives, financial situation or needs. You must make your own decisions and seek your own advice in this regard.

The information and recommendations contained in this Scheme Booklet do not constitute, and should not be taken as constituting, financial advice, financial product advice, tax advice or legal advice.

If you are in any doubt as to what you should do, you should seek advice from your financial, taxation or legal adviser before making any decision regarding the Scheme.

### Not an offer

This Scheme Booklet does not constitute an offer of securities to Shareholders (or any other person), or a solicitation of an offer of securities from Shareholders (or any other person), in any jurisdiction.

### Laws of New Zealand

This Scheme Booklet has been prepared in accordance with New Zealand law. Accordingly, the information in it may not be the same as might have been disclosed had the Scheme Booklet been prepared in accordance with the laws and regulations of another jurisdiction.

### Forward looking statements

This Scheme Booklet contains certain forward looking statements which are subject to risks (both known and unknown), uncertainties, assumptions and other important factors that could cause the actual conduct, results, performance or achievements of Arvida to be materially different.

Deviations as to future conduct, market conditions, results, performance and achievements are both normal and to be expected.

Forward looking statements generally may be identified by the use of forward looking words such as 'aim', 'anticipate', 'believe', 'estimate', 'expect', 'forecast', 'foresee', 'future', 'intend', 'likely', 'may', 'planned', 'potential', 'should', or other similar words.

Neither Arvida nor any other person gives any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward looking statements in this Scheme Booklet will actually occur. You are cautioned against relying on any such forward looking statements.

### Privacy and personal information

Arvida and Stonepeak and their respective directors, officers, employees and advisers may collect personal information in the process of implementing the Scheme. Such information may include the name, contact details and shareholdings of Shareholders and the name of persons appointed by those persons to act as a proxy or corporate representative at the Scheme Meeting. The primary purpose of the collection of personal information is to assist Arvida and Stonepeak to conduct the Scheme Meeting and implement the Scheme. Personal information may be stored in hard copy form or electronic form, including with third party data storage facilities and in cloud storage located inside or outside New Zealand.

Personal information of the type described above may be disclosed to Computershare, print and mail service providers, proxy solicitation firms, Related Entities of Arvida and Stonepeak and Arvida's and Stonepeak's service providers and advisers.

Shareholders have certain rights to access personal information that has been collected. Shareholders should contact Computershare in the first instance, if you wish to access your personal information. Shareholders who appoint a named person to act as their proxy or corporate representative should make sure that person is aware of these matters.

### Responsibility for information

Other than as set out below, this Scheme Booklet has been prepared by, and is the responsibility of, Arvida:

- the Stonepeak Information has been prepared by, and is the responsibility of, Stonepeak. Arvida and its Directors, officers and employees have not been involved in preparing or verifying any of the Stonepeak Information and do not assume any responsibility for the accuracy or completeness of the Stonepeak Information. Stonepeak and its directors do not assume any responsibility for the accuracy or completeness of any information in the Scheme Booklet other than the Stonepeak Information; and
- the Independent Adviser's Report set out in Annexure A has been prepared by, and is the responsibility of, the Independent Adviser. Arvida and its Directors, officers, employees and advisers have not been involved in the preparation of the Independent Adviser's Report, otherwise than to provide information to, or answer questions from, the Independent Adviser. Arvida and Stonepeak do not assume any responsibility for the accuracy or completeness of the Independent Adviser's Report.

Any references in this Scheme Booklet to any website are for informational purposes only. No information contained on any website forms part of this Scheme Booklet.

To the maximum extent permitted by law, Arvida and its Directors, officers, employees and advisers do not assume any responsibility for the contents of any website referenced in this Scheme Booklet.

### Role of Takeovers Panel and High Court

The fact that the Takeovers Panel has provided a letter indicating that it does not intend to object to the Scheme (or subsequently issues a no-objection statement in respect of the Scheme), or that the High Court has ordered that a meeting be convened, does not mean that the Takeovers Panel or the High Court:

- has formed any view as to the merits of the proposed Scheme or as to how Shareholders should vote – on this matter, Shareholders must reach their own decision; or
- has prepared, or is responsible for the content of, the Scheme Booklet or any other material.

### Notice of the Final Court Hearing

If you wish to oppose the Scheme at the Final Court Hearing (which will take place after the Scheme Meeting and after the OIO Condition is satisfied), you must file a notice of appearance or a notice of opposition together with supporting documents at the High Court and at the offices of Chapman Tripp, Level 34, 15 Customs Street West, Auckland 1010.

The deadline for such filing will be a date to be announced by Arvida on the NZX following satisfaction of the OIO Condition. See Sections 3.12 and 3.18 of this Scheme Booklet for more detail.

### Further information available

Further information is available at <https://www.arvida.co.nz/stonepeak-scheme>.

### Times and Dates

All references to times and dates in this Scheme Booklet are to New Zealand time, unless otherwise stated. Any obligation to do an act by a specified time in New Zealand time must be done in any other jurisdiction by the specified New Zealand time.

All references to expected dates and times in this Scheme Booklet in respect of procedural aspects of the Scheme are indicative only and, among other things, are subject to obtaining all necessary approvals from the High Court.

### Currency

Unless expressly specified, all references to currency in this Scheme Booklet are to New Zealand dollars.

### Defined terms

Capitalised terms set out in this Scheme Booklet have the meanings given to them in the Glossary in Section 7.

### Date of this Scheme Booklet

This Scheme Booklet is dated 29 August 2024.

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# PART A:

KEY INFORMATION  
ABOUT THE SCHEME AND  
THE SCHEME MEETING

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## Part A: Key information about the Scheme and the Scheme Meeting

### Indicative Timetable

Event	Indicative date/time
Proxy/Voting Forms return date	2.00pm, 23 September 2024
Voting Eligibility Date	5.00pm, 23 September 2024
Scheme Meeting held	2.00pm, Wednesday 25 September 2024  to be held at <b>JW Marriott, 22-26 Albert Street, Auckland, New Zealand</b> and virtually / online via Computershare's virtual meeting platform ( <a href="https://meetnow.global/nz">https://meetnow.global/nz</a> ) (concurrently with Arvida's previously notified annual meeting)

#### If the Scheme is approved by Shareholders

If the Scheme is approved by Shareholders and the Regulatory Conditions are satisfied by the date of the Final Court Hearing, then the indicative dates for implementation of the Scheme are set out below.

Arvida will give notice of the dates and times for these steps, when known, by issuing an announcement on the NZX.

Last date for filing objection for the Final Court Hearing	1 October 2024
Final Court Hearing date	11.45am, 17 October 2024 (or such later date as the High Court directs)
Last day of trading in Arvida Shares	21 October 2024 (Arvida Shares are expected to be suspended from trading on the NZX Main Board from close of trading on this date)
Record Date	5.00pm, 23 October 2024
Implementation Date	13 November 2024 (the date on which the Scheme Shareholders are paid)
Condition Satisfaction Date	22 April 2025 (or such other date as Arvida and Stonepeak may agree) (the last date by which certain Conditions of the Scheme, including the OIO Condition, must be satisfied or waived (to the extent capable of waiver). If this does not occur, then the Scheme will not proceed unless Arvida and Stonepeak agree to extend the Condition Satisfaction Date)
End Date	16 May 2025 (or such other date as Arvida and Stonepeak may agree) (the last date by which the Scheme must be implemented)

All dates in the table above are indicative only (except for the Condition Satisfaction Date and the End Date), and, among other things, are subject to the satisfaction or waiver (if capable of waiver) of all Conditions including satisfaction of the OIO Condition and obtaining necessary approvals from the High Court.

**Any changes to the above timetable will be announced to the NZX (at <https://www.nzx.com>) and notified on Arvida's website (at [www.arvida.co.nz/stonepeak-scheme](http://www.arvida.co.nz/stonepeak-scheme)).**

# SECTION 1:

## CHAIR'S LETTER

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## Section 1: Chair's Letter

Dear Shareholder,

On behalf of the whole Arvida Board, I am pleased to provide you with this Scheme Booklet. It contains important information regarding the proposed acquisition of all of the Arvida Shares by Stonepeak, an indirect subsidiary of funds managed or advised by the Stonepeak Group, for NZ\$1.70 per share.

Subject to the satisfaction of Conditions, which include approval of the Transaction by the Overseas Investment Office and the High Court, and the Scheme being approved by the Shareholders of Arvida at the Scheme Meeting, the Transaction will be implemented by way of a scheme of arrangement.

If the Conditions are satisfied (or, where capable of waiver, waived) and the Scheme is not otherwise terminated, Stonepeak will acquire all of the Arvida Shares and you will receive the Scheme Consideration of NZ\$1.70 per share in cash for each Arvida Share you own at the Record Date. Your Arvida Shares will be acquired, and you will be paid, on the Implementation Date which is currently anticipated to be towards the end of 2024.

I encourage you to read this Scheme Booklet carefully and in full and to obtain professional advice about the proposal before you vote on the Scheme.

### Directors' recommendation and reasons to vote in favour of the Scheme

**YOUR DIRECTORS UNANIMOUSLY RECOMMEND THAT YOU VOTE IN FAVOUR OF THE SCHEME AND INTEND TO VOTE ALL THE ARVIDA SHARES HELD OR CONTROLLED BY THEM IN FAVOUR OF THE SCHEME, IN THE ABSENCE OF A SUPERIOR PROPOSAL**

The Directors consider the Scheme to be compelling for the Shareholders of Arvida and, in the absence of a Superior Proposal, encourage all Arvida Shareholders to vote in favour of it. We believe the value and certainty offered by the Scheme provides a materially better outcome for Shareholders than retaining your Arvida Shares.

The reasons for the Directors' view and recommendation include:

**A. The Scheme Consideration of NZ\$1.70 per share represents a material premium to the Arvida Share price prior to the announcement of the Scheme.**

The Scheme Consideration of NZ\$1.70 per share represents:

- a premium of 65% to NZ\$1.03 per share, being the closing price of Arvida Shares on the NZX Main Board on 19 July 2024, which was the last day of trading immediately prior to the announcement of the Scheme; and

- a premium of 82% to NZ\$0.94 per share, being the volume-weighted, average share price (**VWAP**) of Arvida Shares on the NZX Main Board over the 30 trading days prior to the announcement of the Scheme.

**B. The Scheme Consideration is within the Independent Adviser's valuation range.**

Arvida has engaged Grant Samuel & Associates Limited (**Grant Samuel**) to provide an independent adviser's report on the merits of the Scheme. Grant Samuel has assessed the value of Arvida (including a premium for control) to be in the range of NZ\$1.63 to NZ\$1.94 per Arvida Share. The Scheme Consideration is within that range. While we note that the Scheme Consideration is in the lower portion of that range, your Directors believe the Scheme Consideration reflects a full value for Arvida given the prospects for the business, the economic outlook and the risks facing the business. A complete copy of the Independent Adviser's Report is included in Annexure A.

**C. The Scheme Consideration is at a premium to NTA adjusted for corporate costs.**

The Scheme Consideration of NZ\$1.70 per Scheme Share represents a multiple of 0.83 times the net tangible assets (**NTA**) of NZ\$2.05 per share included in Arvida's consolidated financial statements as at 31 March 2024.

Grant Samuel states in its Independent Adviser's Report that its analysis suggests the historical NTA multiple implied by the Scheme Consideration is broadly in line with multiples implied for the acquisition of controlling shareholdings in comparable companies.

NTA value reflects the aggregate value of each individual property asset owned by Arvida. It does not include potential value from future developments. Nor does it include any reduction for the head office costs required to manage the operations of our properties and facilities as a portfolio and to manage Arvida as a publicly listed company. As set out in Section 3.4, Arvida estimates these head office costs to be equivalent to NZ\$0.38 - NZ\$0.53 per share which implies a NTA post-head office costs of NZ\$1.52 - NZ\$1.67 per share for Arvida. Your Directors regard the Scheme Consideration as a compelling outcome relative to NTA in the current environment and after allowing for the impact of Arvida's ongoing head office costs.

**D. The Scheme provides an opportunity for Shareholders to realise certain value for their Arvida Shares now for 100% cash consideration without being exposed to the execution risks of implementing Arvida's strategic plan.**

The Scheme Consideration of NZ\$1.70 per share is all-cash. It provides Shareholders with the opportunity to realise certain value for all your Arvida Shares. If the Scheme does not proceed (and Arvida remains listed on the NZX Main Board), there is no assurance that you will be able to achieve returns equivalent to or better than the Scheme Consideration of NZ\$1.70 per share in the future.



In this regard, your Directors note that, given Arvida's recent focus on cash generation and debt management, the outlook for development activity by Arvida is now meaningfully reduced from the expectations we had in 2023 and is likely to stay reduced for some time. As a consequence, growth is likely to be slower and it may take longer to otherwise deliver value to Shareholders.

If the Scheme does proceed, you will no longer be subject to the risks associated with executing Arvida's strategic plan which includes:

- development and property market risks that have resulted in significant cash flow volatility, and acceleration of debt levels; and
- operational risks arising from aged care funding, potential for regulatory changes and the impacts of an uncertain economic outlook.

**E. The Scheme offers compelling value to Shareholders compared to the other alternatives identified by the Board.**

In addition to advancing internal initiatives to improve cashflow and profitability and reduce debt, the Board embarked on a programme to identify and assess external strategic options that could help close the gap between Arvida's share price and its intrinsic value. Strategic options identified included engaging with other market participants on various capital partnership and merger opportunities, restructuring property and operating options and strategic alternatives for Arvida Group. Through that process it became clear that:

- the Scheme was superior to the other options the Board considered and enabled Shareholders to realise 100% of their investment at a material premium to the share price prior to the announcement of the Scheme; and
- there was a high level of uncertainty as to whether other potential alternatives could realise a similar value within a reasonable timeframe for Shareholders as the Scheme. Those potential alternatives also involved a significant level of execution risk and would have introduced a level of operational complexity for Arvida's business.

**F. It is very likely that if the Scheme is not approved and there is no Superior Proposal, the price at which Arvida Shares trade will be lower than the Scheme Consideration.**

- While the Directors are unable to predict the price at which Arvida Shares will trade in the future, the Directors believe that if the Scheme is not implemented, and in the absence of a Superior Proposal, the Arvida Share price will very likely fall to a price below the Scheme Consideration of NZ\$1.70 per share that is being offered by Stonepeak.

- The Arvida Share price immediately prior to announcement of the Scheme was NZ\$1.03 per share and the VWAP over the 30 trading days prior to the announcement of the Scheme was considerably lower at NZ\$0.94 per share.

- Since late 2021, the price at which Arvida Shares have traded on the NZX Main Board has generally trended downwards. While noting that economic conditions may improve from their current levels, which may see a lift in share prices across the sector and the New Zealand market generally, the Directors consider significant uncertainty remains as to whether Arvida Shares will return to historical share price levels or how long this might take in the absence of the Scheme.

**G. Your Directors do not regard it as likely that a Superior Proposal will emerge.**

- Since the date of announcement of the Scheme on 22 July 2024 up to the date of this Scheme Booklet, no proposals have been received by the Directors from any other party in regard to a possible acquisition. Furthermore, since the market was informed of Stonepeak's first proposal in December 2023, there have been no approaches from any other parties during that time. Accordingly, the Directors do not believe that a Superior Proposal is likely to emerge prior to implementation of the Scheme.
- The Board retains the ability to deal with a Superior Proposal if any is received up until the Implementation Date, as necessary to comply with the Directors' fiduciary duties (and subject to Stonepeak's right to match any such Superior Proposal). However, as noted, there is no current expectation of any further proposals arising.

**H. There are other options to invest in the New Zealand retirement village and aged care sector.**

- If the Scheme is approved, Shareholders who wish to may be able to reinvest some or all of the proceeds they receive under the Scheme in the shares of other retirement village and aged care sector operators listed on the NZX Main Board that have a similar exposure to underlying demographic trends and economic factors.
- Your Directors also note the recent suspension of dividends by Arvida and the uncertainty as to when these may begin again and at what level. Your Directors are conscious that some Shareholders, particularly those that seek regular dividends, might be advantaged by receiving NZ\$1.70 per Scheme Share now and being able to reinvest the proceeds in companies that regularly pay dividends.

## Section 1: Chair's Letter

### Reasons why Shareholders may choose to vote against the Scheme

The Directors have also carefully considered the reasons why you may decide to vote against the Scheme. These reasons could include if:

- notwithstanding your Directors' view that if the Scheme does not proceed the Arvida Shares will likely trade at a price below the Scheme Consideration, you consider that you will receive greater value through your investment in Arvida over the longer term than you could receive by reinvesting the Scheme Consideration elsewhere - for example, because you believe that Arvida has strong long-term growth prospects, the economy may recover faster, and/or that the risks outlined in this letter are unlikely to adversely affect Arvida's future financial performance to the extent set out in this letter;
- you disagree with Grant Samuel's valuation range for the Arvida Shares;
- you believe a better offer for Arvida may still emerge; or
- you consider that the Scheme is otherwise not in your own best interests.

A more detailed discussion of reasons why you may choose to vote for or against the Scheme is set out in Sections 3.4 and 3.5. As noted above, the Directors unanimously believe the reasons for you to vote in favour of the Scheme outweigh the reasons for you to vote against the Scheme.

### Background to the Scheme

Arvida was first approached by Stonepeak in late 2023 with an unsolicited and highly conditional proposal to acquire all the shares in Arvida at NZ\$1.70 per Arvida Share. After careful consideration and receiving independent legal and financial advice, the Board decided not to engage with the proposal at that time. Thereafter, the economic outlook did not improve as expected, and Arvida reduced its expectations for development growth, which impacted expectations for earnings growth.

These factors, together with feedback we received from Shareholders in relation to the proposal, led the Board to embark on a programme to accelerate the recognition of Arvida's intrinsic value for Shareholders. That programme led Arvida to re-engage with Stonepeak as the Board determined that a full offer for all of Arvida's Shares was the best option for Shareholders of those available to the Board. Further detail on the background to the Scheme is set out in Section 3.2 of the Scheme Booklet.

### Independent Adviser's Report

Your Directors appointed Grant Samuel as the Independent Adviser to assess the merits of the Scheme. The Independent Adviser has assessed the Scheme Consideration to be within the Independent Adviser's range of NZ\$1.63 to NZ\$1.94 per Arvida Share.

The Independent Adviser also notes that if the Scheme does not proceed, there may be a reversal of some or all of the share price appreciation that Arvida experienced following the announcement of the Scheme.

A complete copy of the Independent Adviser's Report is included in Annexure A of this Scheme Booklet. I encourage you to read that Report carefully and in full before deciding how to vote in regard to the Scheme.

### Conditions to implementation of the Scheme

The Scheme is subject to customary conditions for a transaction of this nature including approval by Shareholders at the Scheme Meeting, High Court approval and consent from the Statutory Supervisor and the Overseas Investment Office. The Scheme is also subject to no Material Adverse Change event occurring before implementation of the Scheme.

There are also some restrictions placed on how Arvida may operate its business during the interim period until the Scheme is either implemented or terminated.

Details of the Conditions, including what constitutes a Material Adverse Change, are summarised in Section 3.11 and the Glossary in Section 7 of this Scheme Booklet and set out in full in the Scheme Implementation Agreement available at [www.arvida.co.nz/stonepeak-scheme](http://www.arvida.co.nz/stonepeak-scheme).

In certain situations, if the Scheme is terminated, a break fee (payable by Arvida) or a reverse break fee (payable by Stonepeak) may be payable to the other party. Details of the break fee and reverse break fee are set out in Section 3.1 of this Scheme Booklet. No break fee is payable by Arvida should the Scheme not be approved by Shareholders.

### Your action is required

The Scheme will be implemented if the Conditions are satisfied or waived (to the extent capable of waiver) and the Scheme Implementation Agreement is not terminated. The Scheme Meeting is to be held on Wednesday, 25 September 2024.

For the Scheme to be implemented, both of the following voting thresholds must be met:

- 75% or more of the votes cast by Shareholders in each interest class must be voted in favour of the Scheme Resolution; and
- more than 50% of the total number of Arvida Shares on issue and entitled to vote must be voted in favour of the Scheme Resolution.

Further, if the Scheme is approved and implemented, your Arvida Shares will be transferred to Stonepeak regardless of whether or how you vote. For these reasons, it is very important that you take the opportunity to vote, no matter how many Arvida Shares you own.

You can vote by attending the Scheme Meeting in person or online, by appointing a proxy, or, if you are a company, by a corporate representative. You may also vote by casting a postal vote by signing and returning the Proxy/Voting Form that accompanies this Scheme Booklet. There are instructions for online attendance and voting and for the appointment of a proxy in the Notice of Meeting set out in Section 2 of the Scheme Booklet.

#### Further information

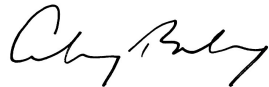
Please read this Scheme Booklet and the appended Independent Adviser's Report carefully and fully as it will assist you in making an informed decision on how to vote. I also encourage you to seek independent financial, taxation, legal or other professional advice before making any decision in regard to your Arvida Shares.

If you have any questions regarding the Scheme or the Scheme Booklet you can contact Briar Malpas, Company Secretary, at [briar.malpas@arvida.co.nz](mailto:briar.malpas@arvida.co.nz).

#### Conclusion

On behalf of your Arvida Directors I reiterate our strong support for the Scheme. We encourage you to vote **IN FAVOUR** of the Scheme in the absence of a Superior Proposal. I look forward to your participation either at the Scheme Meeting at 2.00pm on 25 September or through your proxy vote.

Yours sincerely,



**Anthony Beverley**  
*Chair*

29 August 2024

# SECTION 2:

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NOTICE OF MEETING

Notice is given that a Scheme Meeting of Shareholders of Arvida Group Limited will be held:

Date: **Wednesday, 25 September 2024**

Time: **2.00pm** (New Zealand time)

Where: **In person: JW Marriott (Ballroom 1 & 2), 22-26 Albert Street, Auckland CBD, New Zealand,**

**Virtually / online: via Computershare's virtual meeting platform  
(<https://meetnow.global/nz>) using a computer, laptop, tablet or smartphone,**

concurrently with the previously notified annual meeting of shareholders to be held at the same date, place and time.

Instructions and further details on how to attend and participate in the Scheme Meeting are set out in the Notes in this Notice of Meeting and the Virtual Meeting Guide available at [www.computershare.com/vm-guide-nz](http://www.computershare.com/vm-guide-nz). A recording of the Scheme Meeting will be available for viewing on Arvida's website after the conclusion of the Scheme Meeting.

## Agenda

### Scheme Resolution

To consider, and if thought fit, to pass the following resolution as a special resolution:

***That the Scheme (the terms of which are described in the Scheme Booklet) be approved.***

The Scheme Resolution will be put as a single resolution for the purposes of confirming the approvals of each interest class and a simple majority of the votes of all Shareholders.

Voting will be by a poll and Computershare and Arvida's auditor will confirm whether or not each of the relevant voting thresholds have been met in respect of the Scheme Resolution (see the explanatory notes below).

By order of the Board of Directors



**Briar Malpas**  
Company Secretary

29 August 2024

## Section 2: Notice of Meeting

### Notes

1. The Scheme Booklet (which includes this Notice of Meeting) provides information in relation to the Scheme Resolution and the Scheme, how the Scheme will be implemented and the reasons for proposing the Scheme. A Proxy/Voting Form accompanies this Scheme Booklet.
2. The Scheme is to be implemented by way of a High Court approved scheme of arrangement under Part 15 of the Companies Act pursuant to the Scheme Plan included as Annexure B of this Scheme Booklet. Arvida has obtained the Initial Orders which are available to view at [www.arvida.co.nz/stonepeak-scheme](http://www.arvida.co.nz/stonepeak-scheme). The next significant step in the Scheme process is seeking the approval of Shareholders by voting on the Scheme Resolution.
3. For the Scheme to be approved by the Shareholders, the votes cast in favour of the Scheme Resolution at the Scheme Meeting must represent:
  - 75% or more of the votes cast by the Shareholders in each interest class entitled to vote and voting on the Scheme Resolution; and
  - more than 50% of the votes of all Shareholders entitled to vote on the Scheme Resolution.
4. Each of the voting thresholds set out in note 3 above must be met for the Scheme Resolution to be approved. Arvida has one class of shares, all of which are fully paid up ordinary shares with identical voting rights. However, William (Bill) McDonald, an Associate of Stonepeak who holds or controls Arvida Shares, is required to vote in a separate interest class. This means that, as at the date of this Scheme Booklet, there are two interest classes (being William McDonald in one interest class and all other Shareholders in the other interest class). This is expected to remain the case at the time of the Scheme Meeting. Despite this, only one Scheme Meeting will be held (and not two separate meetings for each interest class). See Section 3.14 for more information about what an interest class is, and Section 5.14 for further details in relation to Stonepeak's consultancy arrangement with William McDonald.  
  
**Whether or not you are in favour of the Scheme, it is very important that you cast your vote.**
5. The persons who will be entitled to vote at the Scheme Meeting are those persons (or their proxies or representatives) whose name is recorded in the Register at the Voting Eligibility Date.
6. Shareholders who are eligible to vote can vote:
  - **online** – please go to <https://meetnow.global/nz> and follow the instructions set out in note 13 below;
  - **in person** – by attending the Scheme Meeting and bringing your personalised admission card (which accompanies this Scheme Booklet);
  - **by postal vote** or by **appointing a proxy** – by completing, signing and lodging the Proxy/Voting Form in accordance with the instructions on that form; or
  - **by corporate representative** – a company which is a Shareholder may appoint a person to attend the Scheme Meeting on its behalf in the same manner as that in which it could appoint a proxy.
7. To vote by post or to appoint a proxy, completed Proxy/Voting Forms must be received by Computershare by no later than 2.00pm (New Zealand time) on 23 September 2024. Completed Proxy/Voting Forms can be submitted:
  - online:** [www.investorvote.co.nz](http://www.investorvote.co.nz)
  - by mail:** by sending to:  
Computershare Investor Services Limited  
Private Bag 92119  
Auckland 1142  
New Zealand
  - by email:** [corporateactions@computershare.co.nz](mailto:corporateactions@computershare.co.nz)
8. Arvida has appointed Company Secretary, Briar Malpas, to certify the count of postal votes.
9. A proxy need not be a Shareholder. You may, if you wish, appoint the Chair (or any other Director) as your proxy. The Chair and all other Directors intend to vote proxies in favour of the Scheme at the Scheme Meeting unless otherwise instructed.
10. If, in appointing a proxy, you have not named a person to be your proxy (either online or on the enclosed Proxy/Voting Form), or your named proxy does not attend the Scheme Meeting, the Chair of the Scheme Meeting will be your proxy and will vote in accordance with your express direction. If you have not included an express direction (either online or in the enclosed Proxy/Voting Form), then the Chair will exercise your vote in favour of the Scheme.
11. Capitalised terms used in this Notice of Meeting have the meanings given to them in Section 7 (**Glossary**) of the Scheme Booklet.

12. The Scheme Meeting will be a hybrid meeting. All Shareholders will have the opportunity to attend, participate, vote, and ask questions in person or virtually via our share registrar's online platform. The Scheme Meeting will be accessible on both desktop and mobile devices.

13. Shareholders can attend the meeting virtually through the Computershare meeting platform (<https://meetnow.global/nz>).

To access the virtual meeting, click 'Go' under the Arvida Group Limited meeting and then click 'JOIN MEETING NOW'. Select 'Shareholder' on the login screen, enter your CSN or holder number and enter your mailing address postcode. By using the meeting platform, you will be able to watch the meeting, vote and ask questions online during the meeting using your smartphone, tablet or desktop device. Please refer to the Virtual Meeting Guide available from [www.arvida.co.nz/stonepeak-scheme](http://www.arvida.co.nz/stonepeak-scheme) for more information on how to participate in the Scheme Meeting online. We recommend that you read this guide and log in 15 minutes before the meeting start time at 2.00pm. You will need the latest version of Chrome, Safari or Edge to access the meeting. Please ensure your browser is compatible.

If you have any questions on how to attend the meeting online, or need assistance with the online process, please contact Computershare on +64 9 488 8777 between 8.30am and 5.00pm Monday to Friday.

Audio will stream through the selected device, so Shareholders will need to ensure that they have the volume control on their headphones or device turned up.

Shareholders will be able to view the presentations, vote on the resolutions to be put to Shareholders and ask questions, by using their own computers or mobile devices. Shareholders will still be able to appoint a proxy to vote for them or send a postal vote, as they otherwise would, by following the instructions on the Proxy/Voting form and this Notice of Meeting.

Details of how to participate virtually are provided in the accompanying Virtual Meeting Guide, with instructions for accessing the virtual meeting. Shareholders are encouraged to review this guide prior to the Scheme Meeting. Shareholders will require their CSN/ Securityholder Number, which can be found on their Proxy/Voting form, for verification purposes.

# SECTION 3:

INFORMATION ABOUT  
THE SCHEME

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### 3.1 Summary of the Scheme

#### *Overview*

The Scheme is the proposed Transaction under which Stonepeak would acquire all of the Scheme Shares in Arvida for the Scheme Consideration of NZ\$1.70 in cash for each Scheme Share. Stonepeak is a New Zealand company registered under the Companies Act and an indirect subsidiary of funds managed or advised by the Stonepeak Group.

The Stonepeak Group is a leading alternative investment firm specialising in infrastructure and real assets with approximately US\$71.2 billion of assets under management as of March 2024. Through its investment in defensive, hard-asset businesses globally, the Stonepeak Group aims to create value for its investors and portfolio companies, with a focus on downside protection and strong risk-adjusted returns. The Stonepeak Group, as sponsor of private equity and credit investment vehicles, provides capital, operational support, and committed partnership to grow investments in its target sectors, which include communications, energy and energy transition, transport and logistics, and real estate. Stonepeak is headquartered in New York with offices in Hong Kong, Houston, London, Singapore, and Sydney. Further information regarding Stonepeak is provided in Section 4.

For the Scheme to be implemented, it needs to be approved by the requisite majorities of Shareholders, and by the High Court, and the Regulatory Conditions need to be satisfied. The Scheme is also subject to the satisfaction or (if capable of waiver) waiver of all other Conditions, including the absence of a Material Adverse Change during the period commencing on the date that the Scheme Implementation Agreement was entered into and ending at 8.00am on the Implementation Date. For more information on the Conditions to the Scheme, including their status as at the date of the Scheme Booklet, see Section 3.11.

Under the Scheme Implementation Agreement, Arvida agreed to propose a scheme of arrangement between Arvida, Stonepeak and Shareholders, the effect of which will be that all Arvida Shares will be transferred to Stonepeak and Stonepeak will provide or procure the provision of the Scheme Consideration to Shareholders.

#### *Funding the Scheme*

Stonepeak intends to fund the amount necessary to pay the Scheme Consideration through a combination of equity and third party debt financing. Stonepeak has received legally binding commitment letters from equity and debt financing sources. The equity commitment is provided by a fund associated with Stonepeak. The debt commitment is provided by third party lenders.

As is customary in transactions of this nature, Stonepeak, being an entity formed specifically for the purposes of the Scheme, does not itself currently hold funds that are sufficient to pay the aggregate Scheme Consideration and is therefore reliant on the equity and debt commitments referred to above.

Stonepeak has agreed under the Scheme Implementation Agreement to use reasonable endeavours to consummate the equity and debt financing, including by satisfying any conditions in the commitment letters that are within Stonepeak's control. Arvida may require Stonepeak to enforce any of its rights under the equity commitment letter by written notice at any time after a payment obligation becomes due under the equity commitment letter.

#### *Break fee arrangements*

A summary of the break fee arrangements in the Scheme Implementation Agreement is set out below.

A reverse break fee of NZ\$12.43 million plus GST (if any) is payable by Stonepeak to Arvida if Arvida terminates the Scheme Implementation Agreement in the following circumstances:

- Stonepeak is in breach of any Stonepeak Warranty or any event occurs or circumstance arises that would cause any Stonepeak Warranty to be untrue as at 8.00am on the Implementation Date where the consequences of that breach are material in the context of the Scheme;
- Stonepeak is in breach of any Stonepeak Undertaking or any other provision of the Scheme Implementation Agreement and that breach is material in the context of the Scheme; or
- an Insolvency Event occurs in respect of Stonepeak.

A break fee of NZ\$12.43 million plus GST (if any) is payable by Arvida to Stonepeak under the Scheme Implementation Agreement in any one of the following circumstances:

- if at any time before the Scheme Implementation Agreement is terminated, a Competing Proposal is announced and the person making the Competing Proposal or one more persons that Control or are under the Control of, or are Associated with, that person completes, within 12 months of the date of termination, a Competing Proposal (whether or not the completed Competing Proposal is the same as or different to the Competing Proposal that was originally announced);
- if at any time before the Scheme Implementation Agreement is terminated, any Arvida Director fails to:
  - recommend that Shareholders vote in favour of the Scheme; or
  - undertake to vote or procure the voting of all the Arvida Shares held or controlled by him or her in favour of the Scheme,

or changes, qualifies or withdraws that recommendation or undertaking or makes any statement materially inconsistent with that recommendation or undertaking, in each case except as a result of one or more of the following:

## Section 3: Information about the Scheme

- subject to the proviso below, the Independent Adviser issuing an Independent Adviser's Report which concludes that the Scheme Consideration is not within or above the Independent Adviser's valuation range for the Arvida Shares; or
- Arvida receives a Superior Proposal, subject to Arvida's compliance with the provisions in the Scheme Implementation Agreement in relation to Stonepeak's exclusivity and matching rights.

Notwithstanding the above, the break fee will be payable by Arvida if, prior to the issue of the relevant Independent Adviser's Report, a Competing Proposal is received by Arvida or is made public and within 12 months after the date of receipt of the Competing Proposal or the Competing Proposal being made public, the person making the Competing Proposal (or certain controlled or associated persons of that person) completes a Competing Proposal (whether or not the Competing Proposal that is completed is the same as or different to that which was originally received or announced);

- Stonepeak terminates the Scheme Implementation Agreement due to:
  - Arvida breaching any Arvida Warranty or any event occurs or circumstance arises that would cause any Arvida Warranty to be untrue as at 8.00am on the Implementation Date, where the consequences of that breach (other than in respect of a Fundamental Warranty) are material in the context of the Scheme and the Arvida Group (taken as a whole);
  - Arvida breaching any Arvida Undertaking or any other provision of the Scheme Implementation Agreement and that breach is material in the context of the Scheme, or to the Arvida Group taken as a whole. It will be a material breach of the Scheme Implementation Agreement if any Arvida Director fails to make the recommendation, or fails to give the undertaking, referred to in clause 8.1 of the Scheme Implementation Agreement or changes, qualifies or withdraws that recommendation or undertaking once made or makes any statement inconsistent with that recommendation or that undertaking, subject to the Scheme Consideration being within or above the Independent Adviser's Valuation range and except in response to a Superior Proposal (subject to Arvida's compliance with the provisions in the Scheme Implementation Agreement in relation to Stonepeak's exclusivity and matching rights); or
  - a Prescribed Occurrence occurring on or after 20 July 2024 (other than a Prescribed Occurrence under paragraph 15 of Schedule 1 of the Scheme Implementation Agreement);
- the Scheme Implementation Agreement is terminated by either Stonepeak or Arvida where Stonepeak fails to match a Superior Proposal, in accordance with clause 13.10 of the Scheme Implementation Agreement; or

- Stonepeak terminates the Scheme Implementation Agreement because, prior to 8.00am on the Implementation Date, Arvida or any other Arvida Group member enters into a definitive agreement to implement a Competing Proposal.

However, a break fee is not payable by Arvida merely if the relevant shareholder voting thresholds are not achieved at the Scheme Meeting.

A copy of the Scheme Implementation Agreement between Arvida and Stonepeak is available at [www.arvida.co.nz/stonepeak-scheme](http://www.arvida.co.nz/stonepeak-scheme).

### 3.2 How the Scheme came about

The Scheme is the culmination of a programme that the Board embarked on to improve the performance of Arvida and accelerate the recognition of the Company's intrinsic value for Shareholders.

Stonepeak confidentially approached Arvida in September 2023 with an unsolicited proposal to acquire all of the Arvida Shares. The approach culminated in a non-binding and highly conditional proposal for the acquisition of all the Arvida Shares at a price of NZ\$1.70 per share (**NBIO**).

On receipt of the NBIO from the Stonepeak Group, the Board established a sub-committee to assess the NBIO. This included appointing external advisors to obtain independent legal and financial advice, and to provide independent advice to the Board as to the value of the Company at that time.

After a period of careful consideration, the Board determined that the terms of the NBIO were not in the best interests of Shareholders at that time. Accordingly, discussions came to a conclusion in early November 2023. The market announcement regarding the NBIO in late December 2023 came about because the Company became aware that some participants in the market had knowledge of the existence of the confidential approach.

In the period following that announcement the Board became increasingly concerned that Arvida's share price continued to decline and materially understate the intrinsic value of the Company. There was also concern that economic conditions were continuing to be weaker for longer than expected by the Board. Considerable focus was placed on business improvement and accelerating a value recognition programme at the Board's annual strategy refresh in early February 2024. The Board appointed financial advisers, Forsyth Barr and Cameron Partners, to jointly assist with this programme.

A comprehensive review was conducted to assess opportunities to enhance shareholder value. In addition to internal enhancement initiatives, the process considered a range of strategic options that involved engaging with other market participants in regard to capital partnerships, mergers and sale options (**Strategic Options**).

It became clear through the work completed by the financial advisers that a full offer for all of Arvida's shares was superior

to the other potential Strategic Options that the Board considered were realistically available to the Company.

In reaching this view, the Board had regard to the following:

- None of the alternative potential Strategic Options would crystallise value for Shareholders to the same level and timeframe. The shares would remain listed, continue to be exposed to challenging market conditions and would likely continue to be exposed to the value gap the Board had identified.
- The alternative potential Strategic Options presented high levels of timing and execution risk.
- No suitable merger opportunities were identified that the Board believed would deliver immediate and compelling merger benefits.
- The capital partnership options would have seen prime Villages and/or development opportunities separated from the full control and ownership of Arvida, limiting the further upside available to Shareholders and creating operational complexity.
- A full sale would enable Shareholders to realise 100% of their investment at a material premium to the share price and at a value the Board regarded as reflecting a full value for Arvida given its business plan and the economic outlook.

In making its decision to re-open its discussions with Stonepeak on its NBIO, the Board carefully considered developments that had occurred since it first received the NBIO in September 2023. These included:

- key economic factors such as GDP performance, interest rates and residential housing sales, which are relevant to Arvida's intrinsic value had not improved at the rate that had been previously expected by the Board;
- due to the on-going challenging economic environment and the limits of Arvida's borrowing policy, the level of development activity forecast by Arvida is now meaningfully lower than it was and is expected to stay lower for longer. A reduced ability to fund development activity now means the future potential profits we are able to generate from developments will be delayed and less certain. Consequently, the Board formed the view that NZ\$1.70 per Arvida Share would represent a full value for Arvida given the prospects for the business, the economic outlook and the risks facing the business;
- the continued underperformance and downward track of Arvida's share price; and
- we received feedback from a range of Arvida's major and longstanding Shareholders on the level of shareholder returns expected, their views on value and noting that if a credible and substantive offer for Arvida was to be received then it should be put to Shareholders. As noted, the work undertaken on business improvement and with

our advisers to accelerate value recognition identified that obtaining an offer for 100% of the Company was the best option for Shareholders. There had been no approaches from any other party to acquire the Company.

The Board preferred to re-engage directly with Stonepeak as:

- it was satisfied that NZ\$1.70 per Arvida Share represented a full value for Arvida given the prospects for the business, the economic outlook and the risks facing the business;
- given the elapse of time since the announcement in December 2023, the Board had no reason to believe that a wider process would yield a Superior Proposal; and
- a wider process would have risked significant disruption to Arvida's business.

Considering these factors in conjunction with the wider review of other potential Strategic Options, the Directors concluded that re-engaging with Stonepeak represented the best available option for Shareholders. The Scheme provides Shareholders with an opportunity to accelerate recognition of Arvida's intrinsic value, while mitigating the risks and uncertainties that would otherwise be involved in executing Arvida's strategic plan over time.

On 20 July 2024, Arvida and Stonepeak entered into the Scheme Implementation Agreement which sets out the terms on which Arvida and Stonepeak will implement the Scheme. A summary of the Scheme Implementation Agreement is set out in Section 6.13.

### 3.3 The recommendation of the Board

Your Directors unanimously recommend that you vote in favour of the Scheme Resolution at the Scheme Meeting to be held Wednesday 25 September 2024, in the absence of a Superior Proposal.

All of the Directors intend to vote all of the Arvida Shares held or controlled by him or her in favour of the Scheme, subject to the Scheme Consideration being within or above the Independent Adviser's valuation range and in the absence of a Superior Proposal. The interests of your Directors are set out in Sections 6.5, 6.7, 6.8, 6.11 and 6.12.

In reaching their recommendation to vote in favour of the Scheme, your Directors have considered the merits of the Scheme, the Scheme Consideration in relation to the Independent Adviser's valuation range, as well as the outlook for Arvida's business and broader market conditions.

The Directors may change their recommendation if there is a Superior Proposal prior to the Scheme Meeting which Stonepeak does not match in accordance with the matching rights set out in the Scheme Implementation Agreement. In addition, the Directors reserve the right to change their recommendation or vote against the Scheme if, prior to the Scheme Meeting, the Independent Adviser changes the Independent Adviser's valuation range for Arvida Shares and, after that change, the Scheme Consideration is below the Independent Adviser's valuation range for the Arvida Shares.

## Section 3: Information about the Scheme

### 3.4 Reasons you may choose to vote in favour of the Scheme

Here are the key reasons why the Board unanimously recommends that you vote in favour of the Scheme, in the absence of a Superior Proposal.

a. *The Scheme Consideration of NZ\$1.70 cash per Scheme Share represents a material premium to the recent Arvida Share price on a variety of measures:*

- a 65% premium to Arvida's closing price on the NZX Main Board on 19 July 2024, the last trading day prior to the announcement of Arvida's entry into the Scheme Implementation Agreement with Stonepeak;
- an 82% premium to Arvida's 30 trading day VWAP ending 19 July 2024;
- a 70% premium to Arvida's 90 trading day VWAP ending 19 July 2024; and
- a 66% premium to Arvida's 180 trading day VWAP ending 19 July 2024.

b. *NZ\$1.70 is within the Independent Adviser's valuation range of NZ\$1.63 to NZ\$1.94 per Arvida Share*

Grant Samuel has been appointed as the Independent Adviser to prepare an Independent Adviser's Report on the merits of the Scheme.

Grant Samuel has assessed the value of Arvida (including a premium for control) to be in the range of NZ\$1.63 to NZ\$1.94 per Arvida Share. The Board notes that the Scheme Consideration of NZ\$1.70 cash per Scheme Share is within this range.

While we note that the Scheme Consideration is in the lower portion of the range, your Directors believe the Scheme Consideration reflects a full value for Arvida given the prospects for the business, the economic outlook and the risks facing the business.

c. *The Scheme Consideration of NZ\$1.70 cash per Scheme Share represents an attractive acquisition multiple*

As detailed in the Independent Adviser's Report, NZ\$1.70 per Scheme Share:

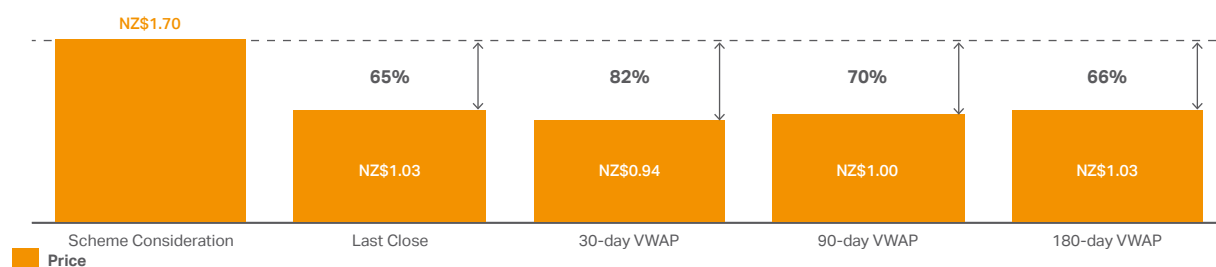
- represents a material premium to Arvida's average trading multiple over the past two years;
- represents a premium to the historical NTA multiples implied by the sharemarket ratings of comparable entities Oceania Healthcare Limited and Ryman Healthcare Limited as at 19 July 2024; and
- is broadly in line with multiples implied for the acquisition of controlling shareholdings in comparable companies.

The Scheme Consideration of NZ\$1.70 represents a multiple of 0.83 times net tangible assets (**NTA**). The most significant component of Arvida's reported NTA is the value of its investment properties. The independent assessment of the value of investment properties at each reporting date reflects the aggregate values of each individual property asset owned by Arvida rather than the value of the Company as a going concern.

The NTA value does not take into account the potential value from future development or the additional costs of owning and operating the portfolio of assets – the most important being our head office costs. Arvida's NTA of NZ\$2.05 per share included in Arvida's consolidated financial statements at 31 March 2024 does not account for the ongoing head office costs required to oversee the operations of the Villages. To link NTA values to an appropriate going concern equivalent, the impact of the ongoing corporate costs should be deducted.

As disclosed in our FY24 results presentation, Arvida incurred NZ\$25.6 million of head office costs in FY24 (excluding capitalised development employee costs). The Board believes an appropriate assessment of the impact of head office costs on NTA is to take the annual head office costs, assume an annual growth of 3% and discount these future costs at the mid-point of the discount rate used by Grant Samuel in its Independent Adviser's Report (9.75%).

### Scheme Consideration premium to recent Arvida Share price



The outcome varies depending on whether the head office costs should be considered pre or post tax – noting that Arvida is not currently a tax-payer. Depending on the approach, the analysis implies a range for the impost for head office costs of NZ\$0.38 to NZ\$0.53 per share giving a NTA post head office cost of NZ\$1.52 to NZ\$1.67 per share for Arvida. Your Directors regard the Scheme Consideration as a compelling outcome relative to NTA in the current environment and after allowing for the impact of Arvida's ongoing head office costs.

d. *The Scheme provides an attractive opportunity for Shareholders to realise the value of their Arvida Shares for 100% cash consideration upon implementation of the Scheme*

Your Directors believe Arvida is well positioned to deliver growth in the long term. However, this growth will take time to implement and carries execution risks. In addition, given Arvida's focus on prudent debt management, the speed at which this growth occurs will now be slower. Given this, your Directors recommend the Scheme as the Scheme Consideration of 100% cash provides you an attractive opportunity to immediately realise full value for your Arvida Shares.

The Directors are confident the Scheme represents a strong and compelling offer, including when considering recent trading performance, as well as the execution risks associated with further growth.

If the Scheme does not proceed, the amount which you will be able to realise for your investment in Arvida by selling your Arvida Shares on market or by receiving dividends (if reinstated), will be uncertain. You will continue to be subject to the benefits and risks associated with Arvida's business and other general benefits and risks relating to any investment in a publicly listed company. Among other things, these benefits and risks include the performance of Arvida's business, general economic conditions and movements in the share market.

The Scheme will remove these uncertainties for you by providing you with the ability to sell your shareholding in Arvida at an attractive price that your Directors believe fully values the Company under the current business plan.

e. *The Scheme offers compelling value to Shareholders compared to the other alternatives identified by the Board*

As noted in Section 3.2, the Board embarked on a value recognition programme to identify and assess strategic options that could help close the gap between Arvida's Share price and its intrinsic value. Strategic options identified included engaging with other market participants on various capital partnership and merger opportunities, restructuring property and operating options and strategic alternatives for the Company. Through that process it became clear:

- the Scheme was superior to the other options the Board considered were realistically available to the Company and it enabled Shareholders to realise 100% of their investment at a material premium to the share price prior to the announcement of the Scheme; and
- the other potential alternatives would not realise a similar value within a reasonable timeframe for Shareholders as the Scheme, involved a significant level of execution risk and would also have introduced a level of operational complexity for Arvida's business.

f. *Arvida's largest Shareholders were supportive of the offer*

Prior to re-engaging with Stonepeak, Arvida received feedback from some of its major and longstanding Shareholders that if a credible and substantive offer for Arvida were to be received then it should be put to Shareholders. Immediately prior to announcing the Scheme, three institutional Shareholders holding approximately 18% of the Arvida Shares were confidentially canvassed and they expressed support for the Scheme. Shareholders should note however that this expression of support was not a commitment to vote in favour of the Scheme, the Shareholders in question have been free to sell their shares since that time (and some have), and there is no guarantee as to the number of Arvida Shares (if any) these Shareholders may hold at the time of the vote or how these Arvida Shares may be voted.

g. *The price at which the Arvida Shares trade will very likely be less than the Scheme Consideration if the Scheme is not implemented and no Superior Proposal emerges*

Your Directors are unable to predict the price at which the Arvida Shares will trade in the future, but believe that if the Scheme is not implemented, and in the absence of a Superior Proposal, the price at which your Arvida Shares trade is very likely to be below the Scheme Consideration being offered by Stonepeak.

Since October 2021, the price at which the Arvida Shares have traded on the NZX Main Board has generally trended downwards. While noting that economic conditions may improve from their current levels, which may see a lift in share prices across the sector and the New Zealand market generally, the Directors consider, that in the absence of the Scheme, significant uncertainty remains as to whether the Arvida Shares might trade at price levels above the Scheme Consideration or how long this may take.

Grant Samuel agrees with this view and has stated that any decision to reject the Scheme may result in a reversal of some or all of the share price appreciation that Arvida experienced following the announcement of the Scheme.

The closing market price of the Arvida Shares on the NZX Main Board on 19 July 2024, the last trading day prior to the announcement of the Scheme, was NZ\$1.03 per share. On the date of the announcement of the Scheme on 22 July 2024, Arvida's share price increased

## Section 3: Information about the Scheme

to close at NZ\$1.61 per share. Your Directors consider it is reasonable to believe that this gain was attributable to expectations of the Scheme proceeding. As at 28 August 2024, being the last practicable date before the date of this Scheme Booklet the Arvida Share price was NZ\$1.64, an increase of 59.22%, compared to the price immediately prior to announcement of the Scheme.

In addition, the future trading price of the Arvida Shares will continue to be subject to any market volatility versus the certainty of value of the cash payment of the Scheme Consideration of NZ\$1.70 cash for each Scheme Share under the Scheme.

### h. *No Superior Proposal has emerged since the Scheme was announced*

Since the date of the Scheme was announced on 22 July 2024 up to the date of this Scheme Booklet, no proposals have been received by the Directors from any other party in regard to a possible acquisition. Furthermore, since the market was informed of Stonepeak's first proposal in December 2023, there have been no approaches from any other parties in that time. Accordingly, the Directors do not believe that a Superior Proposal is likely to emerge prior to implementation of the Scheme.

The Board retains the ability to deal with a Superior Proposal if any is received up until implementation of the Scheme, as necessary to comply with Directors' fiduciary duties (and subject to Stonepeak's right to match that Superior Proposal). However, as noted, there is no current expectation of any further proposals arising.

### i. *There are other options to invest in the New Zealand retirement village and aged care sector*

If the Scheme is approved, Shareholders who wish to may be able to reinvest some or all of the proceeds they receive under the Scheme in the shares of other retirement village and aged care sector operators listed on the NZX Main Board that have a similar exposure to underlying demographic trends and economic factors.

Your Directors also note the recent suspension of dividends by Arvida and the uncertainty as to when these may begin again and at what level. Your Directors are conscious that some Shareholders, particularly those that seek regular dividends, might be advantaged by receiving NZ\$1.70 per share now and being able to reinvest the proceeds in companies that regularly pay dividends or other investments that provide a yield.

### j. *No brokerage costs will be charged on the transfer of your Arvida Shares to Stonepeak if the Scheme proceeds*

This is in contrast to selling your Arvida Shares on the NZX Main Board where you may incur brokerage charges.

## 3.5 Reasons you may choose to not vote in favour of the Scheme

### a. *You may consider that Arvida has greater value over the longer term than you will receive under the Scheme*

If the Scheme is approved and implemented, it is expected to complete towards the end of 2024. This timeframe may not be consistent with your investment objectives and you may consider that your Arvida Shares have greater value over the longer term.

Notwithstanding your Directors' view that if the Scheme does not proceed the Arvida Shares will likely trade at a price below the Scheme Consideration, you may consider that you will receive greater value through your investment in Arvida over the longer term than you could receive by reinvesting the Scheme Consideration elsewhere - for example, because you believe that Arvida has strong long-term growth prospects, the economy may recover faster and/or that the risks outlined in this Scheme Booklet are unlikely to adversely affect Arvida's future financial performance to the extent set out in this Scheme Booklet.

You may consider that Arvida has stronger long term growth potential and that the Scheme Consideration does not fully reflect your views on long term value. You may therefore prefer to retain your listed Arvida Shares and realise the value of them over the longer term.

The valuation range of the Independent Adviser extends from NZ\$1.63 to NZ\$1.94 per Arvida Share and NZ\$1.70 per Scheme Share is in the lower portion of this range. However, in considering this, you should be aware that your Directors believe the Scheme Consideration reflects a full value for Arvida given the prospects for the business, the economic outlook and the risks facing the business.

### b. *You may disagree with the Independent Adviser's valuation range, and/or disagree with your Directors' unanimous recommendation and the Directors' view the Scheme is in your best interests*

You may disagree with the valuation range provided by the Independent Adviser and, despite their view and the view of your Directors, you may believe that the Scheme is not in the best interests of Shareholders or not in your individual interests.

### c. *You may consider that there is a possibility that a Superior Proposal could emerge*

While a Superior Proposal could emerge in the future, your Directors have no basis to believe an alternative proposal will be received, given that the Directors have not received any approaches to acquire the Company since the announcement of the initial approach from Stonepeak in December 2023 or the announcement of entry into the Scheme Implementation Agreement with Stonepeak on 22 July 2024.

- d. *The tax implications of the Scheme may not suit your current financial position or you otherwise consider the Scheme is not in your own best interests*

If the Scheme is approved and implemented, it will potentially result in tax implications for you, which may arise earlier than may otherwise have been the case. If you are in doubt about the potential tax implications of the Scheme, you should seek advice from your tax adviser.

There may be other reasons unique to you that mean that you consider the Scheme is not in your best interests.

- e. *You may consider that the Scheme is subject to Conditions that you consider unacceptable*

The Scheme is subject to a number of Conditions, including Shareholder approval, High Court approval and no Material Adverse Change or Prescribed Occurrence arising.

All of the outstanding Conditions are summarised in Section 3.11. If these Conditions are not satisfied or waived (where capable of waiver) by the Condition Satisfaction Date (other than those Conditions that may only be satisfied at 8.00am on the Implementation Date), the Scheme will not proceed (even if it has been approved by Shareholders) and you will not receive the Scheme Consideration as contemplated by the Scheme, unless Arvida and Stonepeak agree to extend this timeframe.

### 3.6 Additional matters for you to consider

- a. *You may sell your Arvida Shares on the NZX Main Board at any time prior to suspension of Arvida Shares from trading*

You should take into account that you may be able to sell your Arvida Shares on the NZX Main Board at any time prior to the close of trading on the date which is two Business Days before the Record Date if you do not wish to hold them and participate in the Scheme.

However, you should be aware that you may not receive consideration equivalent to the Scheme Consideration of NZ\$1.70 cash per Scheme Share, and may incur brokerage charges on the sale. You should seek your own independent professional advice to determine if your individual financial or taxation circumstances may make it preferable for you to do so.

- b. *The Scheme may be implemented even if you do not vote at the Scheme Meeting or you vote against the Scheme*

Regardless of whether you vote for or against the Scheme, abstain or do not vote at all, the Scheme may be implemented if it is approved by the requisite majorities of Shareholders and the High Court, and the other Conditions are satisfied or (if capable of waiver) waived and the Scheme Implementation Agreement is not terminated. If implementation occurs and you hold Arvida Shares on the Record Date, your Arvida Shares will be transferred to Stonepeak and you will receive the Scheme Consideration.

- c. *If the Scheme is implemented, Arvida will be delisted from the NZX*

If the Scheme is implemented, Arvida will apply:

- for termination of the official quotation of Arvida Shares on the NZX Main Board; and
- to be removed from the NZX Main Board from close of trading on the Implementation Date.

- d. *A break fee may be payable in some circumstances*

Depending on the reasons why the Scheme does not proceed, either Arvida or Stonepeak may be liable to pay a break fee to the other party. Further information on the break fee is set out in Section 3.1.

For clarity, Arvida is not required to pay the break fee if the Scheme Resolution is not passed, provided none of the matters detailed above in Section 3.1 occur or have occurred.

- e. *By voting for the Scheme, you are authorising Arvida to enforce the Scheme on your behalf*

If the Scheme is approved, you authorise Arvida to enforce the Scheme on your behalf against Stonepeak.

- f. *Independent Adviser's Report*

The Independent Adviser has prepared a report for Shareholders on the merits of the Scheme. The full Independent Adviser's Report is set out in Annexure A. You are encouraged to read that report carefully before making a decision in respect of the Scheme.

### 3.7 What happens if the Scheme is not approved?

If the Scheme is not approved by Shareholders, or the High Court, or the other Conditions are not satisfied or (if capable of waiver) waived, or if the Scheme Implementation Agreement is terminated:

- you will not receive the Scheme Consideration;
- your Arvida Shares will not be transferred to Stonepeak (they will be retained by you);
- Arvida will continue to operate as a stand-alone entity listed on, and with Arvida Shares quoted on, the NZX Main Board;
- you will continue to be exposed to the benefits and risks associated with an investment in Arvida and other general benefits and risks relating to any investment in a publicly listed company; and
- in the absence of a Superior Proposal, the Arvida Share price is likely to fall.

## Section 3: Information about the Scheme

### 3.8 What you will receive under the Scheme

If the Scheme is implemented, Scheme Shareholders will receive NZ\$1.70 cash per Scheme Share from Stonepeak for each Arvida Share held as at the Record Date (estimated to be 23 October 2024). The NZ\$1.70 cash per share may be reduced by the per share amount of any dividend the record date for which falls on or between the date of the Scheme Implementation Agreement and the Implementation Date. However, Arvida paused dividends earlier this year and has agreed under the Scheme Implementation Agreement not to pay any further dividends prior to implementation of the Scheme. No further dividends will be paid to you if the Scheme is implemented.

### 3.9 Tax implications of the Scheme

The tax implications of the Scheme will depend on the specific circumstances of each Shareholder.

For most New Zealand resident Shareholders that are not in the business of dealing in shares (or otherwise hold their shares on "revenue account") it is expected that the Scheme Consideration should not be taxable income.

For Australian resident Shareholders, capital gains tax may be payable depending on their own circumstances.

Each Shareholder should seek their own professional tax advice in relation to their personal tax position.

### 3.10 Your Directors' recommendation

As at the date of this Scheme Booklet, Arvida has not received, and does not expect to receive, any other offer to purchase Arvida. Arvida does not expect to receive any offer for a higher price than that offered by Stonepeak under the Scheme.

***Your Directors unanimously recommend that you vote in favour of the Scheme in the absence of a Superior Proposal***

Your Directors remain of the view that the Scheme presents the best way forward for Arvida at this time, given the substantial premium to Arvida's share price and the certainty provided by the Scheme.

Each of your Directors intends to vote all Arvida Shares they hold or control, and all proxies (unless directed otherwise by the relevant Shareholder), in favour of the Scheme.

### 3.11 Status of Conditions

As at the date of this Scheme Booklet the following Conditions remain outstanding:

- a. the OIO Condition;
- b. the Statutory Supervisor Condition;
- c. High Court approval of the Scheme;

- d. Shareholder approval of the Scheme by the requisite majorities;
- e. no judgment, order, restraint or prohibition enforced or issued by any Government Agency is in effect at 8.00am on the Implementation Date that prohibits, prevents or materially restricts the implementation of the Scheme;
- f. no Material Adverse Change occurring between 20 July 2024 and 8.00am on the Implementation Date; and
- g. no Prescribed Occurrence occurring between 20 July 2024 and 8.00am on the Implementation Date.

The Conditions described at paragraphs (a), (b), (c) and (d) must be satisfied by the Condition Satisfaction Date (being 22 April 2025, unless otherwise agreed by Arvida and Stonepeak). These Conditions cannot be waived.

The Conditions described in paragraphs (e), (f) and (g) must be satisfied at all times before 8.00am on the Implementation Date. The Conditions referred to in paragraphs (f) and (g) above are for the benefit of Stonepeak and may only be waived by Stonepeak. The Condition in paragraph (e) is for the benefit of Arvida and Stonepeak and may only be waived by agreement between Arvida and Stonepeak.

The Statutory Supervisor Condition requires all necessary consents to be obtained from the Statutory Supervisor of each Village, under the Deeds of Supervision and the Security Sharing Deed. This Condition is a standard condition included in transactions involving the change of control of entities that own retirement villages. As at the date of this Scheme Booklet, the Statutory Supervisor has consented to the change of control of the Villages (and the Arvida Group entities that own the Villages) arising from the Scheme being implemented, to the extent required under the Deeds of Supervision. Consent is also required from the Statutory Supervisor to the Arvida Group's debt funding and security arrangements that will apply from the Implementation Date (and under the Security Sharing Deed). Arvida has no reason to believe the remaining consent will not be obtained from the Statutory Supervisor within the requisite timeframes noted above.

Arvida has no reason to believe that the Conditions will not be satisfied by the Implementation Date. However, if any of these Conditions are not satisfied or waived (where capable of waiver) by the Condition Satisfaction Date (other than those Conditions that may only be satisfied at 8.00am on the Implementation Date) the Scheme may not proceed (even if it has been approved by Shareholders) and you may not receive the Scheme Consideration. The High Court also has the power to order that the Scheme is subject to other terms and conditions as it sees fit, which may impact the implementation of the Scheme.

Arvida intends to announce on the NZX the satisfaction or waiver of the Conditions as they occur, including the results of the Scheme Meeting and following satisfaction of the OIO Condition.

Implementation of the Scheme will occur if the Scheme is approved by the requisite majorities of Shareholders, the High



Court gives approval (and any conditions of that approval are satisfied) and the other Conditions are satisfied or waived (where capable of waiver). If this occurs, and you are a Shareholder as at the Record Date, your Arvida Shares will be transferred to Stonepeak and you will receive the Scheme Consideration.

### 3.12 High Court approval of the Scheme

As the Scheme is to be implemented by a High Court approved scheme of arrangement under Part 15 of the Companies Act, the High Court is empowered to make orders binding on Arvida, the Shareholders, Stonepeak and any other affected parties. Initial Orders were granted by the High Court on 29 August 2024. These Initial Orders require Arvida to convene the Scheme Meeting.

Provided that the Scheme Resolution is passed by the requisite majorities at the Scheme Meeting (refer below) and the other steps required to implement the Scheme (as set out in this Scheme Booklet) are realised, Arvida will seek the Final Orders from the High Court, which will make the Scheme binding on Arvida, the Shareholders (regardless of how or if individual Shareholders vote on the Scheme Resolution) and Stonepeak.

### 3.13 Takeovers Panel's no objection statement

Arvida will apply for a statement from the Takeovers Panel indicating that the Takeovers Panel has no objection to the High Court making the Final Orders to approve the Scheme. This is commonly referred to as a "no objection statement".

If the Scheme Resolution is passed at the Scheme Meeting, Arvida will promptly thereafter apply to the Takeovers Panel for a no objection statement which will be filed with the High Court as part of the final papers for the Final Court Hearing.

The Takeovers Panel has granted a preliminary statement (a "letter of intention") indicating that, on the basis of the documents and information provided to it, it is minded to issue a final no objection statement on or before the Final Orders date.

Even when a no objection statement is issued by the Takeovers Panel, the High Court still has the discretion to determine whether or not to approve the Scheme.

### 3.14 Voting requirements to approve the Scheme

*What are the voting requirements?*

For the Scheme to be approved by the Shareholders, the votes cast in favour of the Scheme Resolution at the Scheme Meeting must represent:

- 75% or more of the votes cast by the Shareholders in each interest class **entitled to vote and voting** on the Scheme Resolution; and
- more than 50% of the votes of all Shareholders **entitled to vote** on the Scheme Resolution.

In addition, as described elsewhere in this Scheme Booklet, William (Bill) McDonald must approve the Scheme as a

separate interest class and he has already agreed to do so under the terms of a Voting Deed Poll dated 8 August 2024.

*What is an interest class?*

Shareholders whose rights are so dissimilar that they cannot sensibly consult together about a common interest will form a separate interest class for the purposes of voting on the Scheme Resolution.

Arvida has one class of shares, all of which are fully paid up ordinary shares with identical voting rights. However, William McDonald, an Associate of Stonepeak who controls Arvida Shares, is required to vote in a separate interest class. William McDonald was the Chief Executive Officer of Arvida from December 2014 until September 2021 and was engaged as a consultant by the Stonepeak Group during 2023. Further details of Stonepeak's consultancy agreement with Mr. McDonald are set out in Section 5.14. This means that, as at the date of this Scheme Booklet, there are two interest classes (being William McDonald in one interest class and all other Shareholders in the other interest class). This is expected to remain the case at the time of the Scheme Meeting.

*Scheme Meeting*

Even though there are two interest classes, only one Shareholder meeting (being the Scheme Meeting) will be held to consider the Scheme Resolution (and not two separate meetings for each interest class). The votes cast by (or on behalf of) William McDonald will be:

- counted separately for the purposes of the interest class vote; and
- counted together with the votes of all other Shareholders when assessing whether more than 50% of the total number of Arvida Shares on issue are voted in favour of the Scheme Resolution.

*Voting commitment*

As at the date of this Scheme Booklet, William McDonald controls an aggregate of 1,900,602 Arvida Shares (being 0.26% of all Arvida Shares on issue at the date of this Scheme Booklet). William McDonald has agreed to procure that all Arvida Shares controlled by him are voted in favour of the Scheme, in accordance with the Voting Deed Poll described in Section 5.7. This means that the vote of the interest class comprising William McDonald will be passed unanimously.

### 3.15 Scheme Shareholder warranties

Each Scheme Shareholder is deemed to have warranted to Stonepeak that all their Scheme Shares (including any rights and entitlements attaching to those Scheme Shares) which are transferred under the Scheme to Stonepeak will, at the time of transfer, vest in Stonepeak free from all encumbrances and interests of third parties of any kind.

## Section 3: Information about the Scheme

### 3.16 Payment of Scheme Consideration

The Scheme Consideration will be paid in New Zealand dollars **unless** you were paid the most recent dividend from Arvida in the currency of your country of residence (if not New Zealand), or if you have otherwise provided sufficient details to meet the requirements of Arvida and Computershare for foreign currency payment.

If you have agreed that payments may be made to you in a foreign currency, Arvida may procure that the payment is made to you in the applicable currency (with any foreign currency conversion undertaken in a manner determined by Computershare), provided however that this will be a matter between Arvida and the applicable Scheme Shareholder. Neither Stonepeak or Arvida will have any responsibility for foreign currency payments.

Payment will be made to you by direct credit if Computershare has your bank account details recorded for you. If you have not previously provided bank account details and want to be paid by electronic transaction, please contact Computershare directly by the Record Date (currently scheduled to be 23 October 2024).

Payment of the Scheme Consideration will be made on the Implementation Date, currently expected to be 13 November 2024 (subject to the timing of satisfying the Regulatory Conditions).

If you have not provided the bank account or payment information and/or taken the steps in this Section 3.16, Computershare will retain the Scheme Consideration owed to you in a trust account for 24 months after the Implementation Date.

If Computershare retains your Scheme Consideration, you may, before the expiry of that 24 month period, claim your Scheme Consideration by written request to Computershare. In connection with this request, you must provide a bank account or payment information, or take the steps contemplated above in this Section 3.16.

If you have not claimed your Scheme Consideration in accordance with the above paragraph by the expiry of the 24 month period, Computershare will pay your Scheme Consideration (and all other remaining, unclaimed Scheme Consideration) to Arvida. You retain the right to make a claim against Arvida for your unclaimed Scheme Consideration (as an unsecured creditor) after the expiry of the 24-month period.

### 3.17 Treatment of unlisted Arvida Share Rights

As at the date of this document Arvida has issued 2,847,508 unlisted Share Rights to participants in the Arvida Long Term Incentive Scheme. No further Share Rights will be issued prior to implementation of the Scheme.

Each Share Right entitles the holder to acquire one Arvida Share, subject to the holder remaining employed by Arvida Share until the end of the vesting period, achieving performance hurdles, and Board discretion. Share Rights do not carry voting rights.

Any Share Rights that are not converted into Arvida Shares will lapse and be cancelled prior to the Record Date such that, on the Implementation Date, there are no Shares Rights on issue.

The Arvida Board has agreed to accelerate the outstanding Share Rights as described in Section 6.5 of this Scheme Booklet.

### 3.18 If you are not in favour of the Scheme

If you are not in favour of the Scheme, you can vote against it at the Scheme Meeting. As a Shareholder, you also have the right to appear and be heard at the Final Court Hearing, provided you have filed by 1 October 2024 a notice of appearance or a notice of opposition (together with any supporting documents you may wish to rely on).

The Takeovers Panel may consider an objection by a Shareholder when determining whether to provide its no objection statement (see Section 3.13). If you do not want to participate in the Scheme, you may sell your Arvida Shares on the NZX Main Board at any time up to close of trading two Business Days before the Record Date. After this point, Arvida intends to apply to the NZX for trading in Arvida Shares to be suspended from official quotation on the NZX Main Board. You will not be able to sell your Arvida Shares on market after this time.

You should note that if you opt to sell your Arvida Shares outside of the Scheme you may not receive the NZ\$1.70 cash per Scheme Share offered under the Scheme, and may incur brokerage charges on the sale. You should seek independent professional advice to determine if your individual financial or taxation circumstances would be better served by selling your Arvida Shares outside the Scheme.

# SECTION 4:

**INFORMATION ABOUT  
STONEPEAK**

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## Section 4: Information About Stonepeak

### 4. Information about Stonepeak

This Section forms part of the Stonepeak Information and has been prepared by, and is the responsibility of, Stonepeak. Arvida, its Related Entities and its directors, officers and advisers do not assume any responsibility for the accuracy or completeness of the information in this Section.

#### 4.1 Stonepeak

If the Scheme is implemented, Stonepeak will acquire all of the Scheme Shares. Stonepeak is a New Zealand limited liability company that was incorporated on 15 July 2024 for the purpose of acquiring the Scheme Shares. Stonepeak is a wholly owned subsidiary of Stonepeak Alps HoldCo Limited, which is itself a wholly owned subsidiary of Stonepeak Alps Holdings Pte. Limited. Stonepeak Alps Holdings Pte. Limited is owned by funds that are managed by the Stonepeak Group.

#### 4.2 The Stonepeak Group

Stonepeak Partners LP and its Related Entities (in this Section 4, only, together the **Stonepeak Group**) is an international fund manager with its head office in New York. As of March 2024, it has approximately US\$71.2 billion of assets under management. The Stonepeak Group specialises in infrastructure and real assets (e.g. energy, transport, logistics, telecommunications and real estate). It invests capital on behalf of more than 300 investors, including pension funds, endowments and other large institutions from around the world.

While the potential acquisition of Arvida will be the Stonepeak Group's first standalone, platform investment in New Zealand, the firm has a history of investing in New Zealand through its portfolio companies, including:

- the Stonepeak Group's portfolio company Inspired Education, owns ACG Schools in New Zealand; and
- the Stonepeak Group's portfolio company Lineage Logistics, one of the world's largest temperature-controlled logistics solution provider, owns a significant footprint of cold storage warehouses in New Zealand.

More information is available at [www.stonepeak.com](http://www.stonepeak.com)

# PART B:

STATUTORY AND  
OTHER INFORMATION

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## Section 5: Information Equivalent to Schedule 1 of the Takeovers Code

### 5. Information Equivalent to Schedule 1 of the Takeovers Code

The information in this Section contains information, to the extent applicable, equivalent to the information that would be provided by Stonepeak in a takeover offer document in accordance with Schedule 1 of the Takeovers Code.

The information set out in this Section has been prepared by Stonepeak. Stonepeak is responsible for information contained in this Section.

#### 5.1 Date

This Section 5 was prepared, and is current, as at 28 August 2024.

#### 5.2 Stonepeak and its directors

The name and address of Stonepeak is:

Stonepeak Alps BidCo Limited  
c/- Bell Gully  
Deloitte Centre, Level 5  
1 Queen Street  
Auckland Central, Auckland, 1010  
New Zealand

Stonepeak can be contacted by email at [arvidascheme@stonepeak.com](mailto:arvidascheme@stonepeak.com).

The directors of Stonepeak are:

- Darren Stephen Keogh
- Yuexin Han

As set out in Section 4, Stonepeak is a wholly owned subsidiary of Stonepeak Alps HoldCo Limited, which is itself a wholly owned subsidiary of Stonepeak Alps Holdings Pte. Limited. Stonepeak Alps Holdings Pte. Limited is ultimately owned by funds that are managed by Stonepeak Asia Fund Associates LLC, the general partner of those funds. Following implementation of the Scheme, Stonepeak Asia Fund Associates LLC will have indirect effective control of the voting rights attached to the Arvida Shares. The ultimate beneficial owner of Stonepeak Asia Fund Associates LLC is Michael Dorrell, the Chairman, Chief Executive Officer and Co-Founder of the Stonepeak Group.

#### 5.3 Scheme company

The name of the company to which the Scheme relates is Arvida Group Limited.

#### 5.4 Scheme terms

The terms and conditions of the Scheme are set out in the Scheme Plan in Annexure B. A summary of the terms and conditions of the Scheme is included in Section 3.

#### 5.5 Ownership of equity securities of Arvida

Except as set out below, none of the following persons hold or control any equity securities of any class of Arvida (or derivatives over such equity securities) as at the date of this Scheme Booklet:

- a. Stonepeak;
- b. any Related Company of Stonepeak;
- c. any person acting jointly or in concert with Stonepeak; and
- d. any director of any of the persons described in paragraphs (a) to (c) above.

William McDonald may be acting jointly or in concert with Stonepeak as a result of his consultancy arrangement with the Stonepeak Group, as detailed in Section 5.14. William McDonald controls the Arvida Shares set out in the table below.

Associate	Nature of interest	Number of Arvida Shares controlled	Percentage of total Arvida Shares
William McDonald	Beneficial	1,900,602	0.26%

Information about the persons who hold or control 5% or more of any class of equity securities in Arvida is set out in Section 6.6.

### 5.6 Trading in Arvida equity securities

None of the persons referred to in (a) to (d) under the heading "Ownership of equity securities of Arvida" have, during the six month period ending on the date of this Scheme Booklet, acquired or disposed of any equity securities of Arvida (or derivatives over such equity securities).

### 5.7 Agreements to vote in favour of Scheme

Except as set out below, no person has agreed conditionally or unconditionally to vote in favour of the Scheme.

In accordance with the Scheme Implementation Agreement, on 22 July 2024, Arvida announced to NZX that each of the Directors undertakes to vote all of the Arvida Shares that he or she holds or controls in favour of the Scheme, subject to the Scheme Consideration being within the Independent Adviser's value range for the Arvida Shares and there being no Superior Proposal.

The Directors who hold or control Arvida Shares have confirmed that they intend to vote in favour of the Scheme, in the absence of a Superior Proposal, as contemplated by the statements elsewhere in this Scheme Booklet. The Directors' holdings of Arvida Shares are set out in Section 6.5.

On 8 August 2024, William McDonald entered into the Voting Deed Poll in favour of the Takeovers Panel under which William McDonald agreed:

- to vote all Arvida Shares held or controlled by him in favour of the Scheme at the Scheme Meeting; and
- until the earlier of the date on which the Scheme is implemented or the date on which the Scheme Implementation Agreement is terminated, not to dispose of, encumber or deal in any way with any of the Arvida Shares held or controlled by him, except to transfer those Arvida Shares under the Scheme.

Entry into the Voting Deed Poll was required by the Takeovers Panel due to the Arvida Shares held by William McDonald being a separate interest class (see Section 3.14 for further details). The Voting Deed Poll will expire with immediate effect if the Scheme Implementation Agreement is terminated or expires in accordance with its terms. A copy of the Voting Deed Poll is available at [www.arvida.co.nz/stonepeak-scheme](http://www.arvida.co.nz/stonepeak-scheme).

### 5.8 Arrangements to pay consideration

Stonepeak confirms that resources will be available to it sufficient to meet the total Scheme Consideration to be provided to Scheme Shareholders if the Scheme becomes Effective. On 2 August 2024, Stonepeak executed the Deed Poll, the form of which is attached as Annexure C to this Scheme Booklet, pursuant to which Stonepeak has:

- undertaken in favour of each Scheme Shareholder to deposit, or procure the deposit of, in immediately available cleared funds, by no later than 5.00pm on the Business Day before the Implementation Date an amount equal to the aggregate amount of the Scheme Consideration payable to all Scheme Shareholders as set out in the Scheme Plan, such deposit to be made into the trust account to be held and dealt with in accordance with clauses 3 and 4 of the Scheme Plan; and
- irrevocably acknowledged and agreed that the Scheme Consideration deposited into the trust account referred to above must be applied to Scheme Shareholders in satisfaction of their respective entitlements to receive the Scheme Consideration under the Scheme in accordance with the Scheme Plan, provided that the Scheme Shares are transferred to Stonepeak.

## Section 5: Information Equivalent to Schedule 1 of the Takeovers Code

### 5.9 Arrangements between Arvida and Stonepeak

Except as set out below, as at the date of this Scheme Booklet, no agreement or arrangement (whether legally enforceable or not) has been made, or is proposed to be made, between Stonepeak or any of its Associates and Arvida or any Related Company of Arvida, in connection with, in anticipation of, or in response to, the Scheme:

- **Confidentiality Agreement:** Arvida and Stonepeak Partners LLC (an Associate of Stonepeak) entered into the Confidentiality Agreement on 9 May 2024 setting out the terms on which the parties agreed to exchange confidential information relating to the Scheme. Under that Confidentiality Agreement, each of Stonepeak Partners LLC and Arvida agreed to keep each other's confidential information disclosed to the other confidential and only to disclose such information in limited circumstances. The Confidentiality Agreement also set out the terms on which Stonepeak Partners LLC would be granted exclusive access to undertake due diligence and that Arvida would not solicit or invite any competing proposal during a defined exclusivity period.
- **Amendment to Confidentiality Agreement:** On 6 June 2024, Stonepeak Partners LLC and Arvida entered into a letter amending the definition of 'Exclusivity Period' (as defined in the Confidentiality Agreement) (the **Amendment Agreement**). The Amendment Agreement amended the date, from 7 June 2024 to 14 June 2024, on which Stonepeak Partners LLC was required to provide written confirmation to Arvida that nothing had come to the attention of Stonepeak Partners LLC that caused it to believe, acting reasonably, that it would not be in a position to present a financed offer to the Arvida Board of not less than NZ\$1.70 per share.
- **Exclusivity Extension Letter:** On 3 July 2024, Stonepeak Partners LLC and Arvida entered into a letter extending the exclusivity period to undertake confirmatory due diligence (the **Exclusivity Extension Letter**). The Exclusivity Extension Letter extended the exclusivity period to 5.00pm on 19 July 2024.
- **Scheme Implementation Agreement:** Stonepeak and Arvida entered into the Scheme Implementation Agreement on 20 July 2024. Under the Scheme Implementation Agreement, Arvida agreed to propose a scheme of arrangement between Arvida, Stonepeak and the Shareholders, the effect of which will be that all Arvida Shares will be transferred to Stonepeak and Stonepeak will provide or procure the provision of the Scheme Consideration to Shareholders. Further details in relation to the key legal terms of the Scheme Implementation Agreement are set out in Section 6.13. A copy of the agreement is available at [www.arvida.co.nz/stonepeak-scheme](http://www.arvida.co.nz/stonepeak-scheme).
- **Deed Poll:** Stonepeak executed the Deed Poll on 2 August 2024 pursuant to which Stonepeak has undertaken in favour of each Scheme Shareholder to pay each Scheme Shareholder the Scheme Consideration to which they are entitled under the Scheme, subject to the Scheme becoming Effective. The Scheme Plan appoints Arvida as attorney of the Scheme Shareholders to enforce the Deed Poll. Further details of the terms of the Deed Poll are set out in Section 5.8 above. The form of the Deed Poll is set out in Annexure C to this Scheme Booklet.
- **Escrow Agreement:** Arvida, Stonepeak and Computershare entered into the Escrow Agreement on 26 August 2024 which regulates the mechanics for payment of the Scheme Consideration (the **Escrow Agreement**). The Escrow Agreement provides for Computershare to establish a trust account into which Stonepeak will deposit the total Scheme Consideration. The Escrow Agreement also sets out the process for Computershare to follow to effect completion of the Scheme by transferring the Scheme Shares to Stonepeak and paying the Scheme Consideration to Scheme Shareholders.

### 5.10 Arrangements between Stonepeak and Directors and Senior Managers of Arvida

Except as set out below, no agreement or arrangement (whether legally enforceable or not) has been made, or is proposed to be made, between Stonepeak or any Associates of Stonepeak, and any Director or Senior Manager of Arvida (as set out in Section 6) or any of Arvida's Related Companies (including particulars of any payment or other benefit proposed to be made or given by way of compensation for loss of office, or as to their remaining in or retiring from office) in connection with, in anticipation of, or in response to the Scheme.

#### *Indemnities and insurance for directors and officers of Arvida*

Under the Scheme Implementation Agreement, Stonepeak has agreed that it will, subject to any Companies Act restriction and for so long as Arvida remains a Related Entity of Stonepeak (provided that this will not affect any indemnities which continue in accordance with their terms), procure that Arvida maintains in place all indemnities and associated rights of access to information provided by Arvida for the benefit of the current and former directors and officers of Arvida (including any indemnity set out in Arvida's constitution) which were fairly disclosed in the Due Diligence Material (as defined in the Scheme Implementation Agreement).

Stonepeak has also agreed that: (a) subject to certain process requirements, Arvida may, prior to the Implementation Date, enter into, and pay the premiums for, a run-off directors' and officers' liability insurance policy (for a period of seven years after the Implementation Date) in respect of any director or officer of a member of the Arvida Group (**D&O Run-off Policy**); and (b)



after the Implementation Date, Stonepeak will not, and will procure that no member of the Arvida Group will, vary or cancel the D&O Run-off Policy (for so long as such member of the Arvida Group remains a Related Entity of Arvida).

#### *Benefit of the agreements*

The agreements summarised above in this Section 5.10 are given for the benefit of each person who is director or officer of any member of the Arvida Group (including the Directors and the Senior Managers) and are intended to be enforceable by each such person.

#### **5.11 Financial assistance**

After the Scheme Consideration is paid and the Scheme has been implemented, the members of the Arvida Group will be wholly-owned subsidiaries of Stonepeak and be members of the Stonepeak Group. Accordingly, members of the Arvida Group may, after implementation of the Scheme, grant security over their respective assets to the financiers of the Stonepeak Group, which arrangements may include those put in place to pay the Scheme Consideration.

Under the Scheme Implementation Agreement, Arvida has agreed:

- to provide reasonable co-operation and assistance to Stonepeak in connection with the arrangement, syndication or provision of equity or debt financing by the Stonepeak Group for the purposes of funding the Scheme Consideration; and
- to assist Stonepeak to identify, and obtain a release of, any encumbrances over the assets of the Arvida Group (other than permitted encumbrances), including in connection with the repayment of Arvida's existing indebtedness, on or before implementation of the Scheme.

#### **5.12 Intentions about material changes to Arvida**

This information is not applicable given that Arvida will become a wholly-owned subsidiary of Stonepeak if the Scheme becomes Effective.

#### **5.13 No pre-emption clauses in Arvida's constitution**

There is no restriction on the right to transfer equity securities to which the Scheme relates contained in the constitution of Arvida which has the effect of requiring the holders of the securities to offer the securities for purchase to Shareholders of Arvida or to any other person before transferring the securities.

#### **5.14 No escalation clause**

Except as set out below, there is no agreement or arrangement (whether legally enforceable or not) under which any existing holder of equity securities in Arvida will or may receive in relation to, or as a consequence of, the Scheme any additional consideration or other benefit from Stonepeak or any of its Associates over and above the Scheme Consideration, or any prior holder of equity securities in Arvida will or may receive any consideration or other benefit from Stonepeak or any of its Associates as a consequence of the Scheme.

As detailed in Sections 3.14 and 5.5, William McDonald was the Chief Executive Officer of Arvida from the time of listing in December 2014 until September 2021 and, as at the date of this Scheme Booklet, he controls an aggregate of 1,900,602 Arvida Shares (being 0.26% of all Arvida Shares on issue at the date of this Scheme Booklet).

William McDonald was engaged as a consultant by the Stonepeak Group during 2023 to provide advisory services relating to opportunities in the New Zealand retirement sector. If the Scheme is implemented, a one-off transaction fee will be paid to Mr McDonald by the Stonepeak Group. Mr McDonald has agreed to invest an agreed amount of the aggregate of that fee and the proceeds from the sale of his Arvida Shares under the Scheme paid to him, into one or more vehicles managed by the Stonepeak Group which consummate the transaction. The details of that investment have not yet been agreed and in any event would only occur after the Implementation Date.

William McDonald is required to vote in a separate interest class. He has agreed to vote all Arvida Shares controlled by him in favour of the Scheme, in accordance with the Voting Deed Poll described in Section 5.7. This means that the vote of the interest class comprising William McDonald will be passed unanimously.

#### **5.15 No independent adviser report required**

No report equivalent to the report required under rule 22 of the Takeovers Code has been prepared as there are no separate classes of shares.

## Section 6. Information Equivalent to Schedule 2 of the Takeovers Code

### 6. Information Equivalent to Schedule 2 of the Takeovers Code

This Section contains the applicable information that would be provided by Arvida in a target company statement under Schedule 2 of the Takeovers Code.

#### 6.1 Date

This Scheme Booklet is dated 29 August 2024.

#### 6.2 Scheme

This Scheme Booklet relates to a scheme of arrangement between Arvida and its Shareholders in relation to the proposed acquisition of the Scheme Shares by Stonepeak.

#### 6.3 Scheme Company

The name of the company to which the Scheme relates is Arvida Group Limited.

Address:

Arvida Group Limited  
Aon Centre, Level 15  
29 Customs Street West  
Auckland 1010  
Email: [briar.malpas@arvida.co.nz](mailto:briar.malpas@arvida.co.nz)

#### 6.4 Directors of Arvida

The Directors of Arvida are:

- Anthony Beverley (Chair), Independent Director
- Michael Ambrose, Independent Director
- Susan Paterson, Independent Director
- Susan Peterson, Independent Director
- Paul Ridley-Smith, Independent Director

#### 6.5 Ownership of quoted equity securities and quoted bonds of Arvida

The table below sets out the number and the percentage of Arvida Shares held or controlled by each Director or Senior Manager of Arvida or their Associates. For transparency, it also discloses the principal amount of any quoted bonds held or controlled by each Director or Senior Manager of Arvida or their Associates.

No other Director or Senior Manager (being, for the purposes of this Scheme Booklet and the Financial Markets Conduct Act 2013, Jeremy Nicoll (Chief Executive Officer) and Mark Wells (Chief Financial Officer)) or their Associates holds or controls any equity securities of Arvida.

Name	Beneficial/Non-Beneficial interest	Number of Arvida Shares held or controlled	Percentage of total Arvida Shares	Principal amount of quoted bonds held (NZ\$)
Anthony Beverley	Beneficial	451,370	0.06%	-
Michael Ambrose	Beneficial	1,714,017	0.23%	-
	Non-Beneficial	260,440	0.04%	-
Susan Paterson	Beneficial	243,812	0.03%	-
Susan Peterson	Beneficial	21,907	0.00%	-
Paul Ridley-Smith	Beneficial	378,276	0.05%	-
	Non-Beneficial	36,000	0.00%	NZ\$20,000
Jeremy Nicoll	Beneficial	1,118,736*	0.15%	-
Mark Wells	Beneficial	157,716	0.02%	-

Notes:

1. Shares on issue as at the date of the Scheme Booklet (excluding Share Rights to vest prior to the Record Date).
2. This information is taken from information provided by the Directors and Senior Managers.
3. Percentages have been rounded to two decimal places.
4. \*This figure includes 12,442 shares held by family members of Jeremy Nicoll.

As part of the Arvida Long Term Incentive Scheme, each of the Senior Managers has been issued with Share Rights. See Section 3.17 for further details with respect to the Share Rights. The table below sets out the number and the percentage of Share Rights held by each Senior Manager or their Associates. The Share Rights do not carry voting rights and will not be voted on the Scheme.

Name	Number of Arvida Share Rights held	Exercise price (NZ\$)	Percentage of total Share Rights
	114,679	NZ\$1.57	4.03%
Jeremy Nicoll	199,667	NZ\$1.20	7.01%
	250,317	NZ\$0.96	8.79%
	<b>Total: 564,663</b>		<b>Total: 19.83%</b>
	66,896	NZ\$1.57	2.35%
Mark Wells	107,321	NZ\$1.20	3.77%
	134,545	NZ\$0.96	4.72%
	<b>Total: 308,762</b>		<b>Total: 10.84%</b>

Pursuant to the terms of the Arvida Long Term Incentive Scheme, the Board has accelerated the vesting date for all outstanding Share Rights to enable them to be exercised before the Scheme becomes Effective. In respect of the unvested Share Rights, the precise number of Share Rights to be accelerated will be determined on a pro rata basis based on the time elapsed since issue of the Share Rights up until the Business Day before the Record Date. Any Arvida Shares issued on the exercise of Share Rights following acceleration of vesting by the Board will occur after the date of the Scheme Meeting and therefore any such Arvida Shares will not be voted at the Scheme Meeting (as they will not be in existence at the time of the Scheme Meeting).

At the date of this Scheme Booklet, Arvida estimates:

- an additional 210,608 Arvida Shares will be issued to Jeremy Nicoll on the vesting on or about 22 October 2024 of the 564,663 Share Rights held by Jeremy Nicoll; and
- an additional 117,335 Arvida Shares will be issued to Mark Wells on the vesting on or about 22 October 2024 of the 308,762 Share Rights held by Mark Wells.

#### 6.6 Ownership interests of substantial product holders of Arvida

The table below sets out the number and the percentage of Arvida Shares held or controlled by any other person holding or controlling 5% or more of the Arvida Shares, to the knowledge of Arvida derived from the most recent substantial product holder notices filed at [www.nzx.com/companies/ARV/announcements](http://www.nzx.com/companies/ARV/announcements) as at 28 August 2024 or as otherwise known to Arvida from disclosure of beneficial shareholding information. Any subsequent notifications are available at [www.nzx.com/companies/ARV/announcements](http://www.nzx.com/companies/ARV/announcements).

Name	Number of Arvida Shares held or controlled	Percentage of total Arvida Shares
Milford Asset Management Limited	65,685,809	8.99%
Accident Compensation Corporation	40,312,930	5.51%
Generate Investment Management Limited	38,633,134	5.29%
UBS AG and its related bodies corporate	37,182,244	5.09%

Notes:

1. This information is based on information known to Arvida at 28 August 2024 (being the latest practicable date before the date of this Scheme Booklet).

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2. Percentages have been rounded to two decimal places.
3. UBS AG and its related bodies corporate hold a range of relevant interests including on principal account, as prime broker (lender) to other market participants and derivative interests. UBS AG and its related bodies corporate are a diversified financial services group which actively trades on a regular basis. Accordingly, the relevant interests held by UBS AG, including derivative positions, are likely to change after the date of this Scheme Booklet and could do so in material respects. The most recent substantial product holder notice for UBS AG and any other substantial product holder made available to NZX should be available at [www.nzx.com/companies/ARV/announcements](http://www.nzx.com/companies/ARV/announcements).

To Arvida's knowledge no other person holds or controls more than 5% of a class of equity securities of Arvida.

### 6.7 Issues of equity securities

The number and price of equity securities of Arvida (including Arvida Shares):

- issued to Directors or Senior Managers or their Associates; or
- in which any Director or Senior Manager of Arvida, or their Associates, obtained a beneficial interest under any Arvida employee share scheme or other remuneration arrangement, in the two-year period ending on the date of this Scheme Booklet, are set out in the following tables.

#### Arvida Shares

Name	Position	Number of equity securities of Arvida	Reason for issue	Consideration per share (NZ\$)	Date of transaction
Anthony Beverley	Director	5,888	DRP	NZ\$1.18	22/06/2023
		3,878	DRP	NZ\$0.93	21/12/2023
Susan Paterson	Director	3,180	DRP	NZ\$1.18	22/06/2023
		2,095	DRP	NZ\$0.93	21/12/2023
Susan Peterson	Director	286	DRP	NZ\$1.18	22/06/2023
		189	DRP	NZ\$0.93	21/12/2023
Paul Ridley-Smith	Director	4,933	DRP	NZ\$1.18	22/06/2023
		3,251	DRP	NZ\$0.93	21/12/2023
Mark Wells	Senior Manager	2,058	DRP	NZ\$1.18	22/06/2023
		1,355	DRP	NZ\$0.93	21/12/2023

Notes:

1. Issue of Arvida Shares pursuant to participation in the Dividend Reinvestment Plan (DRP).

#### Share Rights

Name	Position	Number of equity securities of Arvida	Reason for issue	Date of grant
Jeremy Nicoll	Senior Manager	114,679	2022 Share Rights	14/06/2022
Mark Wells	Senior Manager	66,896	2022 Share Rights	14/06/2022
Jeremy Nicoll	Senior Manager	199,667	2023 Share Rights	15/06/2023
Mark Wells	Senior Manager	107,321	2023 Share Rights	15/06/2023
Jeremy Nicoll	Senior Manager	250,317	2024 Share Rights	12/06/2024
Mark Wells	Senior Manager	134,545	2024 Share Rights	12/06/2024

### 6.8 Trading by Directors and Senior Managers of Arvida

No Directors, Senior Managers or their Associates have acquired or disposed of any Arvida Shares during the six month period before 28 August 2024 (being the latest practicable date before the date of this Scheme Booklet). After that date, Senior Managers will receive Arvida Shares on the exercise of their outstanding Share Rights following acceleration of vesting by the Board as described further in Section 6.5.

### 6.9 Trading by substantial product holders of Arvida

The table below sets out details of any Arvida Shares acquired or disposed of during the six month period before 28 August 2024 (being the latest practicable date before the date of this Scheme Booklet) by any person holding or controlling 5% or more of the Arvida Shares.

Notes to the tables below:

1. *This information is based on information known to Arvida as at 28 August 2024 (being the latest practicable date before the date of this Scheme Booklet).*
2. *In the case of multiple acquisitions or disposals in any given week, the total number of securities, and the weighted average consideration per security, acquired or disposed of in that week have been provided.*

#### a. Milford Asset Management

Name	Description	Acquisition or disposal	Number of Arvida Shares	Consideration per Arvida Share (NZ\$) / Weighted average consideration per Arvida Share (NZ\$)	Date*
Milford Asset Management Ltd	Ordinary Shares	Acquisition	9,273,171	NZ\$1.30	5/12/2023 to 24/07/2024
Milford Asset Management Ltd	Ordinary Shares	Disposal	125,000	NZ\$0.98	5/12/2023 to 24/07/2024
Milford Asset Management Ltd	Ordinary Shares	Acquisition	8,394,811	NZ\$1.63	25/07/2024 to 5/08/2024
Milford Asset Management Ltd	Ordinary Shares	Acquisition	9,557,505	NZ\$1.63	6/08/2024 to 7/08/2024

Notes:

1. *\* The substantial product holder notices filed by Milford Asset Management Ltd on 25/07/2024, 6/08/2024 and 8/08/2024 reports on aggregate transactions.*

#### b. Accident Compensation Corporation

Name	Description	Acquisition or disposal	Number of Arvida Shares	Consideration per Arvida Share (NZ\$) / Weighted average consideration per Arvida Share (NZ\$)	Date*
Accident Compensation Corporation	Ordinary Shares	Acquisition	2,014,771	NZ\$0.96	28/02/2024 to 31/07/2024
Accident Compensation Corporation	Ordinary Shares	Disposal	10,772,587	NZ\$1.57	28/02/2024 to 31/07/2024

Notes:

1. *\* The substantial product holder notice filed by Accident Compensation Corporation on 1/08/2024 reports on aggregate on-market transactions.*

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### c. UBS AG and its related bodies corporate

Name	Description	Acquisition or disposal	Number of Arvida Shares	Weighted average consideration per Arvida Share (NZ\$)	Date*
UBS Securities Australia Ltd	Ordinary shares	Acquisition	129,130	NZ\$1.130	8/04/2024
UBS Securities Australia Ltd	Ordinary shares	Acquisition	1,391	NZ\$1.070	22/04/2024
UBS Securities Australia Ltd	Ordinary shares	Acquisition	49,872,915	NZ\$1.613	22/07/2024
UBS Securities Australia Ltd	Ordinary shares	Acquisition	7,649,944	NZ\$1.622	29/07/2024
UBS Securities Australia Ltd	Ordinary shares	Acquisition	2,111,008	NZ\$1.626	5/08/2024
UBS Securities Australia Ltd	Ordinary shares	Disposal	129,130	NZ\$1.119	8/04/2024
UBS Securities Australia Ltd	Ordinary shares	Disposal	1,391	NZ\$1.019	22/04/2024
UBS Securities Australia Ltd	Ordinary shares	Disposal	49,872,915	NZ\$1.613	22/07/2024
UBS Securities Australia Ltd	Ordinary shares	Disposal	7,477,891	NZ\$1.622	29/07/2024
UBS Securities Australia Ltd	Ordinary shares	Disposal	992,686	NZ\$1.626	5/08/2024
UBS AG London Branch	Ordinary shares	Acquisition	15,031	NZ\$1.001	6/05/2024
UBS AG London Branch	Ordinary shares	Acquisition	7,898	NZ\$1.000	20/05/2024
UBS AG London Branch	Ordinary shares	Acquisition	1,372	NZ\$0.960	3/06/2024
UBS AG London Branch	Ordinary shares	Acquisition	99,043	NZ\$0.920	10/06/2024
UBS AG London Branch	Ordinary shares	Acquisition	59,830	NZ\$0.916	17/06/2024
UBS AG London Branch	Ordinary shares	Acquisition	10,557	NZ\$0.933	24/06/2024
UBS AG London Branch	Ordinary shares	Acquisition	28,443	NZ\$0.910	1/07/2024
UBS AG London Branch	Ordinary shares	Acquisition	17,262,049	NZ\$1.610	22/07/2024
UBS AG London Branch	Ordinary shares	Acquisition	4,709,688	NZ\$1.625	29/07/2024
UBS AG London Branch	Ordinary shares	Acquisition	1,185,995	NZ\$1.628	5/08/2024
UBS AG London Branch	Ordinary shares	Disposal	65,319	NZ\$1.064	15/04/2024
UBS AG London Branch	Ordinary shares	Disposal	71,151	NZ\$1.058	22/04/2024
UBS AG London Branch	Ordinary shares	Disposal	63,080	NZ\$1.067	29/04/2024
UBS AG London Branch	Ordinary shares	Disposal	24,976	NZ\$1.021	6/05/2024
UBS AG London Branch	Ordinary shares	Disposal	2,798	NZ\$0.990	13/05/2024
UBS AG London Branch	Ordinary shares	Disposal	4,138	NZ\$0.977	20/05/2024
UBS AG London Branch	Ordinary shares	Disposal	14,092	NZ\$0.956	27/05/2024
UBS AG London Branch	Ordinary shares	Disposal	477	NZ\$0.950	3/06/2024
UBS AG London Branch	Ordinary shares	Disposal	924	NZ\$0.927	10/06/2024
UBS AG London Branch	Ordinary shares	Disposal	104,303	NZ\$0.947	17/06/2024

UBS AG London branch has disclosed that it has entered into cash settled swap agreements with various clients to provide a derivative exposure for the following amounts of underlying Arvida Shares and notional amounts on the following dates (and for which it is treated as holding or controlling through the derivative interest) and stock lending transactions:

Name	Description of class / transaction	Number of underlying Arvida Shares borrowed or returned / notional amounts of swaps entered into	Date*
UBS AG London Branch	Ordinary shares #	2,601,773	8/04/2024
UBS AG London Branch	Ordinary shares	(50,310)	8/04/2024
UBS AG London Branch	Ordinary shares	284,499	15/04/2024
UBS AG London Branch	Ordinary shares	23,175	22/04/2024
UBS AG London Branch	Ordinary shares	(63,372)	29/04/2024
UBS AG London Branch	Ordinary shares	8,901	6/05/2024
UBS AG London Branch	Ordinary shares	(15,000)	20/05/2024
UBS AG London Branch	Ordinary shares	20,000	27/05/2024
UBS AG London Branch	Ordinary shares	10,000	3/06/2024
UBS AG London Branch	Ordinary shares	(30,000)	10/06/2024
UBS AG London Branch	Ordinary shares	(98,000)	17/06/2024
UBS AG London Branch	Ordinary shares	83,946	24/06/2024
UBS AG London Branch	Ordinary shares	(31,365)	1/07/2024
UBS AG London Branch	Ordinary shares	(382,055)	22/07/2024
UBS AG London Branch	Ordinary shares #	5,654,302	22/07/2024
UBS AG London Branch	Ordinary shares #	2,649,998	29/07/2024
UBS AG London Branch	Entry into swap	324,762	5/08/2024
UBS AG London Branch	Ordinary shares #	1,030,956	5/08/2024

**Notes:**

1. \*Information was taken from the substantial product holder notice filed by UBS AG and its related bodies corporate on 12/08/2024 and aggregated for transactions of the week commencing. # Relate to rehypothecated amounts. Amounts shown with ( ) relate to returned securities, and positive amounts relate to borrowed securities.

2. This information is based on information known to Arvida at 28 August 2024 (being the latest practicable date before the date of this Scheme Booklet).

3. UBS AG and its related bodies corporate hold a range of relevant interests including on principal account, as prime broker (lender) to other market participants and derivative interests. UBS AG and its related bodies corporate are a diversified financial services group which actively trades on a regular basis. Accordingly, the relevant interests held by UBS AG, including derivative positions, are likely to change after the date of this Scheme Booklet and could do so in material respects. The most recent substantial product holder notice for UBS AG and any other substantial product holder made available to NZX should be available at [www.nzx.com/companies/ARV/announcements](http://www.nzx.com/companies/ARV/announcements).

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### 6.10 Intentions to vote in favour of the Scheme

The table below sets out, as at the date of this Scheme Booklet, the name of every Director or Senior Manager or Associate of a Director or Senior Manager who has advised Arvida that he or she intends to vote in favour of the Scheme, and the number of Arvida Shares in respect of which the person intends to vote.

Name	Number of Arvida Shares intended to be voted in favour of the Scheme
Anthony Beverley	451,370
Michael Ambrose	1,974,457
Susan Paterson	243,812
Susan Peterson	21,907
Paul Ridley-Smith	414,276
Jeremy Nicoll	1,118,736
Mark Wells	157,716

Notes:

- This information is taken from information provided by the Directors and Senior Managers.*
- The shareholdings of Jeremy Nicoll and Mark Wells stated in the table assume that the Scheme Meeting is held prior to the vesting of any Share Rights held by them, as detailed in Section 6.5.*

### 6.11 Ownership of equity securities of Stonepeak

Neither Arvida, nor any Director, Senior Manager or any of their Associates, holds or controls any equity securities of Stonepeak or any of its Related Companies.

### 6.12 Trading in equity securities of Stonepeak

Neither Arvida, nor any Director, Senior Manager or any of their Associates, has acquired or disposed of any equity securities of Stonepeak or any of its Related Companies during the six-month period before 28 August 2024 (being the latest practicable date before the date of this Scheme Booklet).

### 6.13 Arrangements between Stonepeak and Arvida

Except as set out below in this Section 6.13, no agreement or arrangement (whether legally enforceable or not) has been made, or is proposed to be made, between Stonepeak or any of its Associates and Arvida or any Related Company of Arvida, in connection with, in anticipation of, or in response to, the Scheme.

#### Confidentiality Agreement

Arvida and Stonepeak Partners LLC (an Associate of Stonepeak) entered into the Confidentiality Agreement on 9 May 2024 setting out the terms on which the parties agreed to exchange confidential information relating to the Scheme. Under the Confidentiality Agreement, each of Stonepeak Partners LLC and Arvida agreed to keep each other's confidential information disclosed to the other confidential and only to disclose such information in limited circumstances. The Confidentiality Agreement also sets out the terms on which Stonepeak Partners LLC would be granted exclusive access to undertake due diligence and that Arvida would not solicit or invite any competing proposal during a defined exclusivity period.

#### Amendment to Confidentiality Agreement

On 6 June 2024, Stonepeak Partners LLC and Arvida entered into a letter amending the definition of 'Exclusivity Period' (as defined in the Confidentiality Agreement) (the *Amendment Agreement*). The Amendment Agreement amended the date, from 7 June 2024 to 14 June 2024, on which Stonepeak Partners LLC was required to provide written confirmation to Arvida that nothing had come to the attention of Stonepeak Partners LLC that caused it to believe, acting reasonably, that it would not be in a position to present a financed offer to the Arvida Board of not less than NZ\$1.70 per share.



### **Exclusivity Extension Letter**

On 3 July 2024, Stonepeak Partners LLC and Arvida entered into a letter extending the exclusivity period to undertake confirmatory due diligence (the *Exclusivity Extension Letter*). The Exclusivity Extension Letter extended the exclusivity period to 5.00pm on 19 July 2024.

### **Scheme Implementation Agreement**

On 20 July 2024, Arvida and Stonepeak entered into the Scheme Implementation Agreement. Under the Scheme Implementation Agreement, Arvida agreed to propose a scheme of arrangement between Arvida, Stonepeak and the Shareholders, the effect of which will be that all Arvida Shares will be transferred to Stonepeak and Stonepeak will provide or procure the provision of the Scheme Consideration to Shareholders. The key legal terms of the Scheme Implementation Agreement are as follows:

#### ***Recommendation and voting intentions***

Arvida has agreed to ensure that:

- i. each of its Directors recommends that Shareholders vote in favour of the Scheme; and
- ii. each Director who holds or controls Arvida Shares undertakes to vote, or procures that the relevant holder of the Arvida Shares votes, all of the Arvida Shares that he or she holds or controls in favour of the Scheme,

subject to the Scheme Consideration being within or above the Independent Adviser's valuation range for the Arvida Shares and in the absence of a Superior Proposal.

#### ***Exclusivity***

The Scheme Implementation Agreement contains certain exclusivity arrangements in favour of Stonepeak. These arrangements apply until the earliest to occur of: (i) termination of the Scheme Implementation Agreement; (ii) the Implementation Date and (iii) the End Date (the **Exclusivity Period**).

In summary, Arvida has granted to Stonepeak the following exclusivity rights during the Exclusivity Period:

- a. **No shop** - Arvida must not, and must procure that its representatives do not, directly or indirectly (i) solicit, invite, encourage, initiate or otherwise seek to procure any Competing Proposal or any other offer, proposal, expression of interest, enquiry, negotiation or discussion with any third party in relation to, or for the purpose of, or that may reasonably be expected to encourage or lead to, a Competing Proposal or (ii) assist, encourage, procure or induce any person to do any of these things on its behalf.
- b. **No talk** - Arvida must not, and must procure that none of its representatives, directly or indirectly (i) enter into, permit, continue or participate in, negotiations or discussions with any third party in relation to a Competing Proposal or for the purpose of or that may reasonably be expected to encourage or lead to a Competing Proposal, (ii) assist, encourage, procure or induce any person to do any of these things on its behalf even if the Competing Proposal was not directly or indirectly solicited, invited, encouraged, initiated or otherwise procured by Arvida or any of its representatives, was received before the date of the Scheme Implementation or has been publicly announced.
- c. **No due diligence** - Arvida must not, and must procure that each of its representatives do not, directly or indirectly (i) make available to any third party, or cause or permit any third party to receive, any non-public information relating to Arvida or any of its Related Entities that may reasonably be expected to assist such third party in formulating, developing or finalising a Competing Proposal or (ii) assist, encourage, procure or induce any person to do any of these things on its behalf.

Arvida is not required to comply with the 'no talk' or 'no due diligence' restrictions described above if it receives a bona fide Competing Proposal (which was not encouraged, solicited, invited, facilitated, initiated or otherwise procured in contravention of the 'no talk' or 'no due diligence' restrictions) provided that:

- acting in good faith and after having obtained written advice from its external legal and financial advisers, the Board has determined that (i) the Competing Proposal is, or is reasonably likely to become, a Superior Proposal and (ii) it is necessary to respond to such Competing Proposal in order to fulfil the fiduciary duties or statutory obligations of the Board; and
- in the case of the 'no due diligence' restrictions, (i) the third party has first entered into a written agreement in favour of Arvida restricting the use and disclosure by the third party and its affiliates and advisers of the information made available to the third party, on terms not more favourable in any material respect to the third party than those in the

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Confidentiality Agreement and (ii) to the extent that any information made available to the third party has not previously been provided to Stonepeak (or differs in any material respect from any information previously provided to Stonepeak), Arvida provides that information to Stonepeak at the same time as it is provided to the third party.

- d. **Notification** - During the Exclusivity Period, Arvida must as soon as practicable in the circumstances, and in any event within 48 hours, notify Stonepeak if: (i) Arvida or any of its representatives receive any Competing Proposal or any inquiry or approach from a third party to initiate any discussions or negotiations that could reasonably be expected to lead to a Competing Proposal or any request to take any action contemplated by the 'no talk' or 'no due diligence' restrictions, (ii) Arvida or any of its representatives receives any request for information relating to the Arvida Group or its business or any request for access to non-public information of any member of the Arvida Group in connection with a current or future Competing Proposal or (iii) Arvida proposes to, or does, take any action in reliance on the exceptions to the 'no talk' and 'no due diligence' restrictions as described above.

Further, Arvida must keep Stonepeak reasonably informed on a prompt and timely basis of the status and developments regarding any Competing Proposal which Arvida (acting reasonably) considers are material, within 24 hours after receipt or delivery.

- e. **Matching rights** - If Arvida receives a Competing Proposal and the Board acting in good faith and after having received written advice from its external financial and legal advisers determines that the Competing Proposal is a Superior Proposal and failing to take certain action otherwise prohibited under the Scheme Implementation Agreement would be likely to constitute a breach of the fiduciary duties or statutory obligations of the Arvida Directors, Arvida must (i) provide a prescribed notice to Stonepeak and (ii) give Stonepeak at least 10 Business Days to provide a counter proposal that will provide a no less favourable outcome, taken as a whole, for Shareholders than that offered under the relevant Superior Proposal. If Stonepeak provides a counterproposal and Arvida considers, in good faith, that the terms and conditions of the counter proposal (taken as a whole) are less favourable to Shareholders than those in the relevant Superior Proposal, Arvida must consult with Stonepeak as to the relative merits of Stonepeak's proposal and the Superior Proposal.

If Stonepeak does not exercise its matching right or if Arvida, having complied with the obligations under the exclusivity provisions, does not accept Stonepeak's counter proposal, then either Stonepeak or Arvida may then terminate the Scheme Implementation Agreement and, if this occurs, Arvida must pay the break fee to Stonepeak. See Section 3.1 for further detail in relation to the other circumstances where the break fee may be payable by Arvida.

- f. **Break fee and reverse break fee** - Arvida has agreed to pay the break fee and Stonepeak has agreed to pay the reverse break fee in certain circumstances. The amount of the break fee and reverse break fee is NZ\$12.43 million plus GST, if any. The circumstances in which the break fee and reverse break fee are payable are set out in Section 3.1.

Stonepeak and Arvida's liability under the Scheme is limited to the break fee and reverse break fee (as applicable). Payment of the break fee or the reverse break fee (as applicable) is intended to reimburse the other party for costs and expenses incurred in pursuing the Scheme.

- g. **Termination** - The Scheme Implementation Agreement contains the following termination provisions. Except where otherwise specified below, either Arvida or Stonepeak or both (depending on the circumstance) may terminate the Scheme Implementation Agreement if a Condition is not satisfied or (if capable of waiver) waived by the date prescribed for satisfaction and any relevant consultation obligations have been complied with (as applicable).

Either Arvida or Stonepeak may terminate the Scheme Implementation Agreement at any time if:

- i. either of the Regulatory Conditions that are for the benefit of that party (or both parties) become incapable of satisfaction before the Condition Satisfaction Date (being 22 April 2025, unless otherwise agreed by Arvida and Stonepeak), the relevant Regulatory Condition, if capable of waiver, has not been waived by this date and the terminating party has complied with its obligations under clause 3.2 of the Scheme Implementation Agreement and in all material respects with clauses 3.3, 3.4 and 3.8 of the Scheme Implementation Agreement in relation to the satisfaction of the Regulatory Condition;
- ii. the Scheme Meeting is held but the Scheme Resolution is not passed by the requisite majorities in accordance with sections 236A(2)(a) and 236A(4) of the Companies Act and the terminating party has complied in all material respects with its obligations under the Scheme Implementation Agreement in respect of the Scheme Meeting and the Scheme Resolution;
- iii. subject to first complying with clauses 7.3 and 7.4 of the Scheme Implementation Agreement, the Court determines not to grant the Final Orders, provided that the terminating party has complied in all material respects with its obligations under the Scheme Implementation Agreement that are relevant to seeking or obtaining the Final Orders; or

- iv. the Scheme has not become Effective by the End Date, provided the terminating party's failure to comply with its obligations under the Scheme Implementation Agreement has not directly and materially contributed to the Scheme not becoming Effective by the End Date.

Arvida may terminate the Scheme Implementation Agreement by giving notice in writing to Stonepeak before 8.00am on the Implementation Date if:

- i. Stonepeak is in breach of any Stonepeak Warranty or any event occurs or circumstance arises that would cause any Stonepeak Warranty to be untrue as at 8.00am on the Implementation Date where the consequences of that breach are material in the context of the Scheme;
- ii. Stonepeak is in breach of any Stonepeak Undertaking or any other provision of the Scheme Implementation Agreement and that breach is material in the context of the Scheme; or
- iii. an Insolvency Event occurs in respect of Stonepeak.

Either Stonepeak or Arvida may terminate the Scheme Implementation Agreement if Arvida has received a Superior Proposal from a third party that Stonepeak has not successfully matched.

Stonepeak may also terminate the Scheme Implementation Agreement by giving notice in writing to Arvida before 8.00am on the Implementation Date if:

- i. Arvida is in breach of any Arvida Warranty or any event occurs or circumstance arises that would cause any Arvida Warranty to be untrue as at 8.00am on the Implementation Date, where the consequences of that breach (other than in respect of a Fundamental Warranty) are material in the context of the Scheme and the Arvida Group (taken as a whole);
- ii. Arvida is in breach of any Arvida Undertaking or any other provision of the Scheme Implementation Agreement and that breach is material in the context of the Scheme, or to the Arvida Group taken as a whole. It will be a material breach of the Scheme Implementation Agreement if any Arvida Director fails to recommend that Shareholders vote in favour of the Scheme, or any Arvida Director fails to undertake to, or to procure, Arvida Shares held or controlled by them are voted in favour of the Scheme, or changes, qualifies or withdraws that recommendation or undertaking once made or makes any statement inconsistent with that recommendation or that undertaking, except where there is a Superior Proposal subject to compliance with Stonepeak's matching rights under the Scheme Implementation Agreement or where the Independent Adviser issues an Independent Adviser's Report which concludes that the Consideration is not within or above the Independent Adviser's valuation range for the Shares;
- iii. a Prescribed Occurrence occurs on or after 20 July 2024 (the date of the Scheme Implementation Agreement);
- iv. a Material Adverse Change occurs on or after 20 July 2024 (the date of the Scheme Implementation Agreement); or
- v. Arvida or any other Arvida Group member enters into a definitive agreement to implement a Competing Proposal.

A copy of the Scheme Implementation Agreement is available from [www.arvida.co.nz/stonepeak-scheme](http://www.arvida.co.nz/stonepeak-scheme).

### **Funding**

Stonepeak has warranted (and is required to repeat such warranty at certain steps throughout the Scheme implementation process) that, as at the date of the Scheme Implementation Agreement, it has a reasonable basis to expect that, as at 8.00am on the Implementation Date, it will have available to it sufficient cash amounts (whether from internal cash reserves or external funding arrangements, including debt or equity or a combination of both) to satisfy Stonepeak's obligations to pay the Scheme Consideration in accordance with the Scheme Implementation Agreement, the Scheme and the Deed Poll.

### **Deed Poll**

On 2 August 2024, Stonepeak executed the Deed Poll pursuant to which Stonepeak has undertaken in favour of each Scheme Shareholder to pay each Scheme Shareholder, the Scheme Consideration to which they are entitled under the Scheme, subject to the Scheme becoming Effective.

The Scheme Plan appoints Arvida as attorney of the Scheme Shareholders to enforce the Deed Poll.

Further details of the terms of the Deed Poll are set out in Section 5.8. The form of the Deed Poll is set out in Annexure C to this Scheme Booklet.

## Section 6. Information Equivalent to Schedule 2 of the Takeovers Code

### Escrow Agreement

On 26 August 2024, Arvida, Stonepeak and Computershare entered into the Escrow Agreement regulating the mechanics for payment of the Scheme Consideration (the **Escrow Agreement**). Further details are set out in Section 5.9.

### 6.14 Relationship between Stonepeak and Directors and Senior Managers of Arvida

No agreement or arrangement (whether legally enforceable or not) has been made, or is proposed to be made, between Stonepeak and any Associates of Stonepeak, and any Director or Senior Manager of Arvida or any Related Company of Arvida in connection with, in anticipation of, or in response to, the Scheme other than as described in Section 5.10 above.

None of the Directors or Senior Managers of Arvida is also a director or senior manager of Stonepeak (or any Related Company of Stonepeak).

### 6.15 Agreement between Arvida and its Directors and Senior Managers

No agreement or arrangement (whether legally enforceable or not) has been made, or is proposed to be made, between Arvida or any Related Company of Arvida and any Directors, Senior Managers or their Associates of Arvida or its Related Companies, under which a payment or other benefit may be made or given by way of compensation for loss of office, or as to their remaining in or retiring from office in connection with, in anticipation of, or in response to, the Scheme.

### 6.16 Interests of Directors and Senior Managers of Arvida in contracts of Stonepeak or its Related Companies

No Director or Senior Manager or their Associates has an interest in any contract to which Stonepeak, or any Related Company of Stonepeak, is a party.

### 6.17 Interests of Arvida's substantial security holders in material contracts of Stonepeak or its Related Companies

No person who, to the knowledge of the Directors or the Senior Managers holds or controls 5% or more of any class of equity securities of Arvida, has an interest in any material contract to which Stonepeak or any Related Company of Stonepeak is a party.

### 6.18 Additional information

In the opinion of the Directors, no additional information, to the knowledge of Arvida, is required to make the information in this Scheme Booklet correct or not misleading.

### 6.19 Recommendation

The Directors unanimously recommend that Shareholders vote in favour of the Scheme Resolution, in the absence of a Superior Proposal.

The Directors' interests in Arvida Shares are disclosed in Section 6.5.

### 6.20 Actions of Arvida

Except for the arrangements summarised in Sections 5.7, 5.9 and 6.13, there are no material agreements or arrangements (whether legally enforceable or not) of Arvida or any Related Company of Arvida entered into as a consequence of, in response to, or in connection with, the Scheme.

There are no negotiations underway as a consequence of, in response to, or in connection with the Scheme that relate to or could result in:

- a. an extraordinary transaction, such as a merger, amalgamation, or reorganisation, involving Arvida or any of its Related Companies; or
- b. the acquisition or disposition of material assets by Arvida or any of its Related Companies; or
- c. an acquisition of equity securities by, or of, Arvida or any Related Company of Arvida; or
- d. any material change in the equity securities on issue, or policy relating to distributions, of Arvida.

### **6.21 Equity securities of Arvida**

As at the date of this Scheme Booklet, Arvida has 730,985,104 Arvida Shares on issue. All Arvida Shares are fully paid.

Subject to certain conditions in the constitution of Arvida and the NZX Listing Rules, each Arvida Share confers upon the holder the right to:

- an equal share in dividends authorised by the Arvida Board;
- an equal share in the distribution of surplus assets on liquidation of Arvida;
- participate in certain further issues of equity securities by Arvida; and
- cast one vote on a show of hands or cast one vote per share on a poll, at a meeting of Shareholders on any resolution, including a resolution to:
  - appoint or remove a director or auditor;
  - alter Arvida's constitution;
  - approve a major transaction;
  - approve an amalgamation involving Arvida; and
  - put Arvida into liquidation.

In addition, as at the date of this document Arvida has granted 2,847,508 Share Rights to certain employees of Arvida. However, the number of Share Rights that may be accelerated will be less than that number and will depend on the elapse of time until the Business Day before the Record Date. See Section 6.5 of this Scheme Booklet for further details.

### **6.22 Financial information**

A copy of Arvida's most recent annual report (for the year ended 31 March 2024) is available on Arvida's website at [www.arvida.co.nz/stonepeak-scheme](http://www.arvida.co.nz/stonepeak-scheme). There are no known material changes in the financial or trading position, or prospects, of Arvida Group since that annual report.

Each person who is eligible to vote on the Scheme is also entitled to obtain from Arvida a copy of Arvida's most recent annual report or half year report by making a written request to Arvida at the contact details set out in the Corporate Directory.

### **6.23 Independent Advice on the merits of the Scheme**

Grant Samuel & Associates Limited is the Independent Adviser that has provided a report in relation to the merits of the Scheme. A copy of the full Independent Adviser's Report is set out in Annexure A.

### **6.24 Asset valuations**

No information provided in this Scheme Booklet refers to a valuation of any asset of Arvida. The Independent Adviser's Report contains an independent assessment of the value of the equity interests in Arvida. However, the Independent Adviser has not sought to value the assets of Arvida.

### **6.25 Prospective financial information**

The Independent Adviser's Report contains prospective financial information in relation to Arvida. The principal assumptions on which the prospective financial information is based are set out in the Independent Adviser's Report.

Other than the prospective financial information referred to above, this Scheme Booklet does not refer to any other prospective financial information about Arvida.

### **6.26 Sales of unquoted equity securities under the Scheme**

There are no unquoted equity securities that are subject to the Scheme.

## Section 6. Information Equivalent to Schedule 2 of the Takeovers Code

### 6.27 Market prices for quoted equity securities

The Arvida Shares are quoted on the NZX Main Board.

The closing price on NZX Main Board of Arvida Shares on:

- 19 July 2024, being the last day on which NZX was open for business before the date on which Arvida announced that it had entered into the Scheme Implementation Agreement, was NZ\$1.03; and
- 28 August 2024, being the latest practicable working day before the date on which this Scheme Booklet was sent to Shareholders, was NZ\$1.64.

The highest and lowest closing market prices of Arvida Shares on NZX Main Board (and the relevant dates) during the six months before 19 July 2024 (being the last day on which NZX was open for business before the date on which Arvida announced that it entered into the Scheme Implementation Agreement), were as follows:

- the highest closing market price was NZ\$1.18 per share (on 5 April 2024) and
- the lowest closing market price was NZ\$0.88 per share (on 8 July 2024).

### 6.28 Other information

Other information about the merits of the Scheme is set out in the Independent Adviser's Report in Annexure A. The Directors are not aware of any additional information, which is not required to be disclosed elsewhere in this Scheme Booklet, that could reasonably be expected to be material to the Shareholders when making a decision to vote for, or against, the Scheme Resolution.

### 6.29 Board approval of Arvida Information

The contents of the Scheme Booklet have been approved by the Arvida Board, other than:

- the Stonepeak Information, which Stonepeak has approved; and
- the Independent Adviser's Report, which has been prepared by the Independent Adviser.

## 7. Glossary

The meaning of terms used in this Scheme Booklet are set out below:

<b>Arvida or the Company</b>	means Arvida Group Limited
<b>Arvida Board or Board</b>	means the board of directors of Arvida
<b>Arvida Group</b>	means Arvida and each of its Related Entities
<b>Arvida Information</b>	means the information contained in this Scheme Booklet, other than the Stonepeak Information and the copy of the Independent Adviser's Report
<b>Arvida Long Term Incentive Scheme</b>	means the Arvida Group Limited Long Term Incentive Plan
<b>Arvida Share</b>	means a fully paid ordinary share in the capital of Arvida
<b>Arvida Undertakings</b>	means the undertakings set out in Part 2 of Schedule 2 of the Scheme Implementation Agreement
<b>Arvida Warranties</b>	means the statements set out in Part 1 of Schedule 2 of the Scheme Implementation Agreement
<b>Associates</b>	has the meaning given to that term in the Takeovers Code
<b>Business Day</b>	means any day (other than a Saturday, Sunday or public holiday) on which trading banks are generally open in Auckland, New Zealand, New York City, New York, United States of America and Singapore for normal business, and excluding any day between 25 December 2024 and 5 January 2025 (both dates inclusive)
<b>Companies Act</b>	means the Companies Act 1993 (New Zealand)
<b>Competing Proposal</b>	means any proposed: <ul style="list-style-type: none"> <li>a. takeover bid (whether full or partial under the Takeovers Code) for Arvida;</li> <li>b. scheme of arrangement for the acquisition of all or a majority of the Shares;</li> <li>c. reverse takeover, capital reduction, sale of assets, sale of securities, strategic alliance, joint venture, partnership, dual listed companies structure, economic or synthetic merger or combination or other transaction or arrangement which, if completed, would result in a third party: <ul style="list-style-type: none"> <li>i. directly or indirectly acquiring or being entitled to acquire a relevant interest or any other direct or indirect legal, beneficial or economic interest in or control over more than 20% of the shares of Arvida or more than 20% of the shares in any other member or members of the Arvida Group that, individually or collectively, contribute 20% or more of the Operating EBITDA of the Arvida Group or whose assets represent 20% or more of the total consolidated assets of the Arvida Group; or</li> <li>ii. directly or indirectly acquiring or being entitled to acquire the whole or substantially all of the business or assets of the Arvida Group or any part of the business or assets of the Arvida Group that individually or collectively contributes 20% or more of the Operating EBITDA of the Arvida Group or represents 20% or more of the total consolidated assets of the Arvida Group; or</li> <li>iii. acquiring Control of Arvida or merging or amalgamating with Arvida or any other member or members of the Arvida Group that individually or collectively contribute 20% or more of the Operating EBITDA of the Arvida Group or represent 20% or more of the total consolidated assets of the Arvida Group; or</li> </ul> </li> <li>d. the transfer or issue of financial products of any member of the Arvida Group to a third party:</li> </ul>

## Section 7: Glossary

- i. where shareholder approval is required under the Takeovers Code; or
- ii. in respect of financial products that are convertible into, or exchangeable for, shares, where shareholder approval would be required under the Takeovers Code on conversion or exchange of those financial products,

or which would otherwise require Arvida to abandon, or otherwise fail to proceed with, or would be inconsistent with the implementation of, the Scheme. For the purposes of the definition of Competing Proposal:

- e. any such proposal may be an expression of interest, indicative, conditional or otherwise non-binding;
- f. paragraphs (a), (b), (c) and (d) above include any agreement (within the meaning of section 6 of the Financial Markets Conduct Act 2013) whereby such a transaction is effected through a series of linked or related transactions which, if conducted as a single transaction, would constitute a Competing Proposal within the meaning of either of paragraphs (a), (b) (c) or (d);
- g. each successive material modification to or variation of a Competing Proposal will constitute a new Competing Proposal; and
- h. references to a third party include all Associates of the third party

### **Computershare**

means Computershare Investor Services Limited

### **Condition Satisfaction Date**

22 April 2025 or such other date as agreed in writing by Arvida and Stonepeak

### **Conditions**

means broadly:

- a. the OIO Condition;
- b. the Statutory Supervisor Condition;
- c. High Court approval of the Scheme;
- d. Shareholder approval of the Scheme by the requisite majorities;
- e. no judgment, order, restraint or prohibition enforced or issued by any Government Agency is in effect at 8.00am on the Implementation Date that prohibits, prevents or materially restricts the implementation of the Scheme;
- f. no Material Adverse Change occurring between 20 July 2024 and 8.00am on the Implementation Date; and
- g. no Prescribed Occurrence occurring between 20 July 2024 and 8.00am on the Implementation Date

### **Confidentiality Agreement**

means the confidentiality and exclusivity deed between Stonepeak Partners LLC and Arvida, dated 9 May 2024, as amended from time to time

### **Control**

means, in relation to a person (the "relevant person") and one or more other persons, where those one or more persons, directly or indirectly, whether by the legal or beneficial ownership of shares, securities or other equity, the possession of voting power, by contract, trust, or otherwise:

- a. has the power to appoint or remove the majority of the members of the governing body of the relevant person;
- b. controls or has the power to control the affairs or policies of the relevant person; or



c. is in a position to derive more than 50% of the economic benefit of the existence or activities of the relevant person

<b>Deed Poll</b>	means the deed poll attached as Annexure C to this Scheme Booklet
<b>Deeds of Supervision</b>	means the deeds of supervision between the Statutory Supervisor and an Operator in relation to the operation of the Business
<b>Directors or Director</b>	means a member or members of the Arvida Board
<b>Effective</b>	means, when used in relation to the Scheme, the coming into effect, under section 236(3) of the Companies Act of the order of the Court made under section 236(1) of the Companies Act in relation to the Scheme and all of the conditions to the implementation of the Scheme having been satisfied or waived (if capable of waiver) in accordance with the Scheme Implementation Agreement and the Scheme
<b>Embedded Value</b>	means the consolidated embedded value of all occupied units owned by the Arvida Group (calculated using the same accounting policies, methodologies and valuation assumptions of the Arvida Group in place as at the date of the Scheme Implementation Agreement as used by Arvida in the calculation of embedded value in its annual results presentation for the financial year ended 31 March 2024)
<b>End Date</b>	means 16 May 2025, or any other date as agreed in writing by Arvida and Stonepeak
<b>Excluded Shares</b>	means any Shares nominated in writing by Stonepeak to Arvida not less than two Business Days prior to the Record Date which are held or controlled by Stonepeak or any of its Associates at 5.00pm on the Record Date
<b>Final Orders</b>	means on application of Arvida, orders that the Scheme shall be binding on Arvida, Stonepeak, Scheme Shareholders and such other persons or class of persons as the Court may specify, in accordance with section 236(1) (and section 237, if applicable) of the Companies Act
<b>Final Court Hearing</b>	means the final hearing of the High Court in respect of the Scheme, which is expected to take place at 11.45am on 17 October 2024, or such later date as the High Court directs
<b>Fundamental Warranties</b>	means the Arvida Warranties set out in paragraphs 1, 2, 3, 4, 7, 8, 9 and 14 of Schedule 2 of the Scheme Implementation Agreement
<b>Government Agency</b>	means any government, any department, officer or minister of any government and any governmental, semi-governmental, administrative, fiscal, judicial or quasi-judicial agency, authority, board, commission, tribunal or entity
<b>High Court or Court</b>	means the High Court of New Zealand, Auckland Registry
<b>Implementation Date</b>	means the date on which the Scheme is to be implemented, being 12 Business Days after the Record Date, or such other date agreed between the parties in writing
<b>Independent Adviser</b>	means Grant Samuel & Associates Limited, an independent advisory firm appointed by Arvida as independent adviser to prepare the Independent Adviser's Report and approved by the Takeovers Panel
<b>Independent Adviser's Report</b>	means the Independent Adviser's report prepared by the Independent Adviser in relation to the Scheme as amended or updated from time to time and including any supplementary or replacement report, stating its opinion on the merits of the Transaction. A copy of the full Independent Adviser's Report is set out in Annexure A
<b>Initial Orders</b>	means the initial court orders of the High Court relating to the Scheme dated 29 August 2024
<b>Insolvency Event</b>	has the meaning set out in the Scheme Implementation Agreement and includes (in summary) the occurrence of events such as the person ceasing or threatening to cease to carry on all or substantially all of its business or operations, going into receivership, an application or an order being made for the person's dissolution, the person is or becomes unable to pay its debts when due, entry into a composition with all or any class of its creditors or other analogous events

## Section 7: Glossary

<b>Material Adverse Change</b>	<p>means any matter, event, condition or change in circumstances or thing which occurs or is announced or is discovered on or after 20 July 2024, and which individually, or when aggregated with all other specified events, reduces or is reasonably likely to reduce:</p> <ol style="list-style-type: none"><li>the Net Tangible Assets of the Arvida Group by NZ\$150 million or more;</li><li>the Embedded Value of the Arvida Group by NZ\$85 million or more, excluding the impact of the reselling of any units relating to any Village by the Arvida Group in the ordinary course of business; or</li><li>the Operating EBITDA of the Arvida Group in any 12 month period following the specified event of specified events by 15% or more against what it would reasonably have been expected to be but for the specified event(s),</li></ol> <p>provided that such event, condition, matter, or change in circumstances is not the result of:</p> <ol style="list-style-type: none"><li>any change in exchange rates, general economic, financial, regulatory, legal or political conditions (other than an increase in house price inflation or interest rates) or requirements generally affecting businesses in the retirement village or aged care industry or the markets in which Arvida Group operates, builds or trades;</li><li>any event, change, matter, change in circumstance or thing fairly disclosed in the Due Diligence Material (as defined in the Scheme Implementation Agreement) (other than relating to the actual or anticipated change of control of Arvida contemplated by the Scheme Implementation Agreement);</li><li>any change in accounting policy required by law;</li><li>any event, change, matter, change in circumstance or thing required by the Scheme Implementation Agreement, the Scheme or the transactions contemplated by them (other than Arvida's compliance with its obligations under clause 9.2 of the Scheme Implementation Agreement or actions taken by Arvida under clause 9.3 of the Scheme Implementation Agreement or relating to the actual or anticipated change of control of Arvida contemplated by the Scheme Implementation Agreement);</li><li>any of the following:<ol style="list-style-type: none"><li>an act of terrorism, sabotage, act of war, blockade, insurrection, riot, civil disturbance, epidemic or similar event; or</li><li>a strike, lock-out or labour dispute or similar event; or</li></ol></li><li>an event, change, matter, or circumstance previously approved in writing by Stonepeak for this purpose</li></ol>
<b>Net Tangible Assets or NTA</b>	<p>means the consolidated net assets before intangible assets of the Arvida Group (calculated using the same accounting policies, methodologies and valuation assumptions of the Arvida Group in place as at the date of the Scheme Implementation Agreement as used by Arvida in the calculation of net tangible assets in its annual results presentation for the financial year ended 31 March 2024)</p>
<b>Notice of Meeting</b>	<p>means the notice of meeting relating to the Scheme Meeting, which is set out in Section 2 of this Scheme Booklet</p>
<b>OIO Condition</b>	<p>means Stonepeak has obtained all consents required under the Overseas Investment Act 2005 to the implementation of the Scheme on terms or conditions acceptable to Stonepeak acting reasonably</p>
<b>Operating EBITDA</b>	<p>means consolidated Underlying Profit plus interest and depreciation and minus gains on sale of new occupation rights (calculated using the same accounting policies and methodologies of the Arvida Group in place as at the date of the Scheme Implementation Agreement as used by Arvida in the calculation of Operating EBITDA in its annual results presentation for the financial year ended 31 March 2024)</p>

<b>Operator</b>	means a member of the Arvida Group that is an operator of a Village and party to a Deed of Supervision with the Statutory Supervisor
<b>Prescribed Occurrence</b>	means an occurrence set out in Schedule 1 of the Scheme Implementation Agreement (other than an event previously agreed to by Stonepeak in writing) including matters such as changes to Arvida's capital structure or business, Insolvency Events and various other prescribed events
<b>Proxy/Voting Form</b>	means the voting and proxy appointment form which accompanies this Scheme Booklet
<b>Record Date</b>	means 5.00pm on the date which is 4 Business Days after the Final Orders date or such other date agreed between Arvida and Stonepeak in writing
<b>Register</b>	means the register of Arvida Shares maintained by Computershare on behalf of Arvida
<b>Regulatory Conditions</b>	means the OIO Condition and the Statutory Supervisor Condition
<b>Related Company</b>	has the meaning set out in section 2(3) of the Companies Act read as if a reference to a "company" was a reference to a body corporate wherever incorporated
<b>Related Entity</b>	means: <ul style="list-style-type: none"> <li>a. in respect of Stonepeak, an entity that: <ul style="list-style-type: none"> <li>i. Controls Stonepeak;</li> <li>ii. is under the Control of Stonepeak; or</li> <li>iii. is under common Control with Stonepeak;</li> </ul> </li> <li>b. in respect of Arvida, each entity that is under the Control of Arvida;</li> </ul>
<b>Scheme or Scheme of Arrangement</b>	means a scheme of arrangement under Part 15 of the Companies Act under which all of the Arvida Shares held by Scheme Shareholders will be transferred to Stonepeak and the Scheme Shareholders will be entitled to receive the Scheme Consideration, in accordance with the Scheme Plan set out in Annexure B or in such other form as Arvida and Stonepeak agree in writing and the Court approves under section 236(1) of the Companies Act
<b>Scheme Booklet</b>	means this document together with its annexures
<b>Scheme Consideration</b>	means NZ\$1.70 cash in respect of each Scheme Share held by a Scheme Shareholder on the Record Date (as reduced by the per share amount or value of any dividend the record date for which falls before the Implementation Date)
<b>Scheme Implementation Agreement</b>	means the scheme implementation agreement between Arvida and Stonepeak dated 20 July 2024
<b>Scheme Meeting</b>	means the meeting of Shareholders ordered by the Court to be convened pursuant to the Initial Orders in respect of the Scheme and includes any adjournment of that meeting
<b>Scheme Plan</b>	means the scheme plan attached as Annexure B to this Scheme Booklet, subject to any alterations or conditions approved by Stonepeak and Arvida in writing and which are disclosed to the Court prior to the Court making the Final Orders
<b>Scheme Resolution</b>	means the resolution to be put to Shareholders at the Scheme Meeting to approve the Scheme
<b>Scheme Shares</b>	means all of the Arvida Shares on issue as at 5.00pm on the Record Date other than the Excluded Shares
<b>Scheme Shareholder</b>	means each person who is registered in the Register as the holder of one or more Scheme Shares as at the Record Date
<b>Security Sharing Deed</b>	means the security sharing and priority deed dated 10 July 2017 (as most recently amended on 25 January 2021) between the Statutory Supervisor, NZGT Security Trustee Limited (as security trustee) and certain members of the Arvida Group

## Section 7: Glossary

<b>Shareholder</b>	means each person registered in the Register as a holder of one or more Arvida Shares from time to time
<b>Share Rights</b>	means all rights to acquire Arvida Shares held by employees of the Arvida Group in accordance with the Arvida Long Term Incentive Scheme
<b>Statutory Supervisor</b>	means the statutory supervisor of each Village appointed in accordance with the Retirement Villages Act 2003
<b>Statutory Supervisor Condition</b>	means the Statutory Supervisor provides all consents required under the Deeds of Supervision and the Security Sharing Deed, including to the change of control of the Villages and Operators and the new financing and security sharing arrangements to be entered into by Stonepeak in relation to its funding for the Scheme, in a form and on terms acceptable to Stonepeak, acting reasonably
<b>Stonepeak</b>	means Stonepeak Alps BidCo Limited
<b>Stonepeak Group</b>	means Stonepeak and each of its Related Entities (but excluding members of the Arvida Group)
<b>Stonepeak Information</b>	means all information given by Stonepeak to Arvida for inclusion in this Scheme Booklet concerning Stonepeak, its Related Entities, business and interests and dealings in the Arvida Shares and is contained in Section 3.1 (in relation to the description of Stonepeak and Stonepeak's funding of the Scheme), Section 4 and Section 5
<b>Stonepeak Undertakings</b>	means the undertakings set out in Part 2 of Schedule 3 of the Scheme Implementation Agreement
<b>Stonepeak Warranties</b>	means the statements set out in Part 1 of Schedule 3 of the Scheme Implementation Agreement
<b>Superior Proposal</b>	means a written bona fide Competing Proposal for more than 50% of the Arvida Shares or all or a majority of the Arvida Group's assets received by Arvida after the date of the Scheme Implementation Agreement that: <ol style="list-style-type: none"><li>does not result from a breach by Arvida of any of its obligations under clause 13 of the Scheme Implementation Agreement, or from any act by a member of the Arvida Group or its representatives which, if done by Arvida, would constitute a breach of clause 13 of the Scheme Implementation Agreement by Arvida;</li><li>the Board determines, acting in good faith and after having received written advice from its external financial and legal advisers:<ol style="list-style-type: none"><li>is reasonably capable of being valued and implemented, taking into account all aspects of the Competing Proposal, including its conditions precedent (including, for clarity, the likelihood of satisfying those conditions), timing considerations, the identity and financial capacity of the proponent and any other matters affecting the probability of the Competing Proposal being completed in accordance with its terms;</li><li>would, if completed substantially in accordance with its terms, result in a transaction that would be more favourable to Shareholders (as a whole) than the Scheme (if applicable, as amended or varied under any counter proposal provided under clause 13.7(b) of the Scheme Implementation Agreement), taking into account all the terms and conditions of the Competing Proposal (including consideration, form of consideration, conditionality, funding, certainty and timing) and the Scheme and any other matters affecting the probability of the Competing Proposal being completed in accordance with its terms; and</li><li>that failing to attempt to advance such Competing Proposal would be reasonably likely to constitute a breach of the fiduciary duties or statutory obligations of the Arvida Directors</li></ol></li></ol>
<b>Takeovers Code</b>	means the Takeovers Code in the schedule to the Takeovers Regulations 2000 (SR2000/210) as amended, including by any applicable exemption granted by the Takeovers Panel under the Takeovers Act 1993

<b>Transaction</b>	means the acquisition by Stonepeak of all of the Scheme Shares by implementation of the Scheme in accordance with the terms of the Scheme Implementation Agreement
<b>Underlying Profit</b>	means consolidated underlying profit of the Arvida Group (calculated using the same accounting policies and methodologies and valuation assumptions of the Arvida Group in place as at the date of the Scheme Implementation Agreement as used by Arvida in the calculation of underlying profit in its annual results presentation for the financial year ended 31 March 2024)
<b>Village</b>	means a retirement village registered under the Retirement Villages Act 2003 and operated by an Operator
<b>Voting Deed Poll</b>	means the voting deed poll entered into by William Adam McDonald on 8 August 2024 in favour of the Takeovers Panel as described in Section 5.7
<b>Voting Eligibility Date</b>	means the time for determining eligibility to vote at the Scheme Meeting, expected to be 5.00pm on 23 September 2024 or, if the Scheme Meeting is adjourned, being 5.00pm on the day which is 48 hours before the adjourned meeting time for the Scheme Meeting

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# ANNEXURE A:

INDEPENDENT  
ADVISER'S REPORT

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## **INDEPENDENT REPORT IN RELATION TO THE SCHEME OF ARRANGEMENT FOR THE ACQUISITION OF ALL OF THE SHARES IN ARVIDA GROUP LIMITED**

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### **Grant Samuel confirms that it:**

- has no conflict of interest that could affect its ability to provide an unbiased report; and
- has no direct or indirect pecuniary or other interest in the proposed transaction considered in this report, including any success or contingency fee or remuneration, other than to receive the cash fee for providing this report.

Grant Samuel has satisfied the Takeovers Panel, on the basis of the material provided to the Takeovers Panel, that it is independent under the Takeovers Code for the purposes of preparing this report.

### **GRANT SAMUEL & ASSOCIATES LIMITED**

August 2024

**GRANT SAMUEL**



### Proposed Acquisition of Arvida Group Limited

#### 1 Introduction

On 22 July 2024 Arvida Group Limited (**Arvida** or the **Company**) announced that it had entered into a Scheme Implementation Agreement (**SIA**) with Stonepeak Alps BidCo Limited (**Stonepeak**) to acquire 100% of the issued capital of Arvida for cash consideration of \$1.70 per share (the **Scheme**). The Scheme is subject to several key conditions that are set out in the SIA, including the approval of Arvida shareholders.

The Scheme is to be implemented through a scheme of arrangement under the Companies Act 1993 (**Companies Act**) between Stonepeak and Arvida's shareholders. The Directors of Arvida have engaged Grant Samuel & Associates Limited (**Grant Samuel**) to prepare an Independent Adviser's Report on the merits of the Scheme. This executive summary contains a summary of Grant Samuel's main conclusions in relation to the merits of the Scheme and its assessment of the price being offered to Arvida's shareholders.

#### 2 Key Conclusions

- **Grant Samuel has valued the equity in Arvida in the range \$1.20 billion to \$1.42 billion, or \$1.63 to \$1.94 per share.**
  - The Scheme price of \$1.70 per share is within Grant Samuel's assessed value range for Arvida shares, albeit at the lower end of the range.
  - The Scheme represents a premium of approximately 65% relative to the closing price of \$1.03 per share on 19 July 2024 - being the trading day prior to the announcement of the Scheme, and a premium of 82% over the volume weighted average share price (**VWAP**) over the 30 trading days prior to the announcement. Shares in a listed company normally trade at a discount to the underlying value of the whole company. The premium is typically in the range 20-35%. The extent of the discount (if any) depends on the specific circumstances of each company. Prior to the announcement of the Scheme, Arvida's share price had been impacted by adverse market conditions (e.g. (low property prices, low levels of property liquidity and high building costs).
- **Arvida shareholders are being asked to vote to approve or reject the implementation of the Scheme.** For the Scheme to be approved, more than 50% of the total number of voting securities in Arvida must be voted in favour of the Scheme and at least 75% of the total votes cast in each interest class must be in favour of the resolution. The possible outcomes of the Scheme are primarily a function of Arvida shareholders' endorsement (or not) of the Scheme and are summarised below:
  - **The voting thresholds to approve the Scheme are achieved.**

If the shareholding voting thresholds are achieved, the High Court approves the Scheme, the other conditions are satisfied or waived (to the extent capable of waiver) and the SIA is not otherwise terminated, the Scheme will proceed and all the shares in Arvida will be acquired by Stonepeak. If this occurs, all shareholders at the Scheme record date will be paid \$1.70 per share and Arvida's shares will be delisted from the New Zealand Exchange (**NZX**)<sup>1</sup>.
  - **The voting thresholds to approve the Scheme are not achieved.**

If either of the voting thresholds (being the 50% and 75% thresholds described above) to approve the Scheme are not achieved, the Scheme will not proceed, and no shares in Arvida will be acquired by Stonepeak. Arvida's shares will remain listed and Arvida will have no further obligation to Stonepeak. No break fees will be payable by either Stonepeak or Arvida if the voting thresholds to approve the Scheme are not achieved unless one of the break fee triggers set out in the SIA has occurred.

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<sup>1</sup> Arvida's bond (ARV010) will remain listed on NZX.



- **The voting thresholds to approve the Scheme are achieved, but one or more of the conditions are not satisfied.**

If voting thresholds to approve the Scheme are achieved but the other conditions are not satisfied or (if capable of waiver) waived, or if the SIA is terminated, the Scheme will not proceed, and no shares will be acquired by Stonepeak. Arvida's shares will remain listed and Arvida will have no further obligation to Stonepeak. No break fees will be payable by Arvida unless one of the break fee triggers set out in the SIA has occurred.

It is important that shareholders exercise their right to vote for or against the Scheme.

- **The likelihood of competing proposals in the current time frame is low.**

- In September 2023 Stonepeak approached Arvida on an unsolicited and confidential basis with a conditional non-binding proposal to acquire 100% of the issued capital of Arvida for cash consideration of \$1.70 per share (**NBIO**). Arvida sought independent legal and financial advice as part of its evaluation of the proposal. Grant Samuel understands that Arvida's advisers did not actively engage with the wider market to run a divestment process. A significant amount of time has elapsed since the market was made aware of the NBIO. On this basis it appears unlikely that a superior competing offer will emerge.
- In any event, pursuant to the terms of the SIA, Arvida is subject to an exclusivity period with Stonepeak from 20 July 2024 until:
  - 16 May 2025 (unless extended in accordance with the SIA or by agreement between Arvida and Stonepeak); or
  - the Scheme is terminated or implemented; or
  - a superior competing proposal is received and accepted by Arvida's Directors (and Stonepeak has not subsequently matched or provided a better proposal).

Under the terms of the agreed exclusivity, Arvida is only able to engage on a competing proposal if the Directors have determined that the competing proposal is or is reasonably capable of becoming a superior proposal, and that it is necessary to respond to such a proposal in order to fulfil the fiduciary duties or statutory obligations of any director of Arvida. Furthermore, Arvida can only provide due diligence materials to parties that have submitted bona fide proposals that have not been encouraged, solicited or invited, and that are reasonably considered to be capable of becoming superior to the Stonepeak Scheme.

- Before the Directors can agree to implement a superior proposal, they must first offer Stonepeak an opportunity to match it. The process undertaken and the restrictions imposed on Arvida under the terms of the exclusivity lower the probability of Arvida receiving a competing proposal while the exclusivity is in place. Arvida has advised Grant Samuel that, as at the date of this report, there are no current alternative proposals.
- If the voting thresholds at the Scheme meeting are not achieved, Stonepeak could theoretically elect to increase the price it is prepared to pay for Arvida shares. Any price increase would require a revised scheme of arrangement proposal and the timetable extended to facilitate another shareholder meeting. However, there is no certainty in those circumstances that a revised proposal would be tabled. Unless a competing takeover proposal from another party is anticipated by the market, Arvida's shares may trade at levels below the Scheme price of \$1.70 per share if the Scheme does not achieve the necessary voting thresholds and does not proceed.

## Annexure A: Independent Adviser's Report

- **Any delays in implementing the Scheme caused by a delay in satisfying the conditions will be marginally detrimental to Arvida's shareholders**
  - The Scheme is conditional on Stonepeak receiving approval from the New Zealand Overseas Investment Office (OIO). Arvida is confident that OIO approval will be obtained before the end of 2024.
  - In May 2024 Arvida suspended paying dividends. Arvida's Board announced that, while the dividend is suspended, a revised dividend policy will be considered including alternative metrics for the determination of future dividend payouts. Based on the cashflow forecast for the next 6 months it is unlikely that Arvida would elect to make dividend payments in 2024. The SIA also contains restrictions on the recommencement of dividends and accordingly effectively prevents Arvida's shareholders from sharing in any profits since the signing of the SIA. The value of the Scheme remains unchanged at \$1.70 per share regardless of when the transaction is ultimately implemented (if it is approved) or terminated. Delays in implementing the Scheme caused by a delay in satisfying the conditions will therefore be marginally detrimental to Arvida's shareholders.
- **No major shareholder has signed a voting agreement or provided a voting intention statement.**
  - Many takeovers or schemes of arrangement feature lock-up or voting commitment arrangements whereby certain larger shareholders are approached as part of the proposal and agree to accept the offer when it is made or vote for the scheme when it is put to shareholders. Institutional shareholders comprising approximately 18% of Arvida's shares were confidentially canvassed about the offer prior to announcement and were supportive. As at 15 August 2024, with the exception of a shareholder who holds or controls ~0.3% of the shares on issue<sup>2</sup>, no shareholder has signed a voting agreement or provided a voting intention statement, and all major shareholders are free to vote for or against the Scheme.
- **Arvida is New Zealand's fourth largest retirement village operator and is considered well positioned to take advantage of the expected continued demand for retirement village and aged care accommodation. However, at this time, its rate of development is being hindered by current adverse market conditions (low property prices, low levels of property liquidity and high building costs) and its capital structure.**
  - In May 2024 the Board of Arvida, aware of the current market conditions and acknowledging Arvida's share price performance, initiated its "value recognition programme" with the aim of maximising value for shareholders. Options that were considered under this programme included engaging with other market participants on various capital partnerships, restructuring options and strategic alternatives for Arvida, together with a detailed internal exploration of areas where the existing business, capital structure and operating performance could be improved.
  - As part of Arvida's "value recognition programme" it has identified initiatives totalling \$200 million to reduce its core debt. Initiatives include the sale of surplus development land from existing greenfield sites, reducing stock held for sale, slowing down development, the suspension of dividends and pursuing the insurance claim for business interruption losses sustained from the Auckland floods. Other NZX listed competitors Ryman and Oceania have also suspended dividends and slowed down development to reduce debt.
  - A consideration for Arvida's shareholders is whether, in time, an investment in Arvida will yield a higher value outcome than the Scheme. Over the next five years Arvida plans to invest over \$0.8 billion to develop approximately 210 units per annum. The cash flow return on this investment takes time to be realised. Only when a development matures and resales of existing units commence do villages typically generate strong and consistent operating cash flows from resales. The Scheme accelerates a capital return to shareholders and mitigates the risks and uncertainties otherwise involved in Arvida executing its development plan.

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<sup>2</sup> This shareholding has been classified as a separate interest class (see section 6.3).

- In the opinion of Arvida's Board the Scheme is superior to the other options that were realistically available to Arvida and being considered under its "value recognition programme".
- As with any equity investment there are risks associated with the market in which Arvida operates. Arvida's financial performance is impacted by New Zealand's property market, development risks, government policy, interest rates and the potential impacts of unplanned events such as floods or the outbreak of infectious disease. Arvida also operates in a highly regulated industry, where ongoing compliance is vital from both a legal and reputational perspective.

### **3 Other Matters**

Voting for or against the Scheme is a matter for individual shareholders based on their own view as to value and future market conditions, risk profile, liquidity preference, portfolio strategy, tax position and other factors. In particular, taxation consequences will vary widely across shareholders. These are investment decisions upon which Grant Samuel does not offer an opinion and are independent of a decision on whether to vote in favour of the Scheme. Shareholders should consult their own professional adviser in this regard.

This is a summary of Grant Samuel's opinion. The full report from which this summary has been extracted is attached and should be read in conjunction with this summary. A detailed assessment of the merits of the Scheme is outlined in section 6 of this report. Grant Samuel's opinion is to be considered as a whole. Selecting portions of the analyses or factors considered by it, without considering all the factors and analyses together, could create a misleading view of the process underlying the opinion. The preparation of an opinion is a complex process and is not necessarily susceptible to partial analysis or summary.

**GRANT SAMUEL & ASSOCIATES LIMITED**

**21 AUGUST 2024**

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## GLOSSARY

TERM	DEFINITION
Arena	Arena Living Holdings Limited (the Arena portfolio of six villages)
Arvida	Arvida Group Limited
CAGR	Compound annual growth rate
CAPM	Capital asset pricing model
CBRE	CBRE Limited
Code	The Takeovers Code
Companies Act	Companies Act 1993
DCF	Discounted cash flow
DMF	Deferred management fee
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
FY2X	Financial year ended 31 March 202X
Grant Samuel	Grant Samuel and Associates Limited
HCSS	Home and community support services
HNZ	Health New Zealand - Te Whatu Ora
ILUs	Independent living units
IPO	Initial public offering
JLL	Jones Lang LaSalle Limited
LTO	Licence to occupy
NBIO	Stonepeak's conditional unsolicited non-binding proposal to acquire 100% of the issued capital of Arvida for cash consideration of \$1.70 per share
NPV	Net present value
NTA	Net tangible asset
NZX	New Zealand Stock Exchange
OIO	Overseas Investment Office
ORA	Occupational Right Agreement
PACs	Premium Accommodation Charges
PPG	Property price growth
RBNZ	Reserve Bank of New Zealand
SA	Serviced apartments
Scheme	The scheme of arrangement between Arvida and Stonepeak
SIA	Scheme Implementation Agreement
Stonepeak	Stonepeak Alps BidCo Limited
Stonepeak Group	Stonepeak Partners LP and its related entities
The Act	Retirement Villages Act 2003
The Company	Arvida Group Limited
The Financial Model	Projected financial performance and operating cash flows for each village (including its known pipeline of greenfield developments but excluding any future land acquisitions) for the ten-year period ending 31 March 2034.
Village at the Park	Village at the Park Care Limited and Village at the Park Lifecare Limited
VWAP	Volume weighted average share price
WACC	Weighted Average Cost of Capital
WIP	Work in progress

### 1 Terms of the Scheme

#### 1.1 Background

In September 2023 Stonepeak approached Arvida on an unsolicited and confidential basis with a highly conditional non-binding proposal for the acquisition of all of Arvida's shares. Arvida sought independent legal and financial advice as part of a comprehensive evaluation of the proposal. Following a period of careful consideration, Arvida's Board determined that an offer of \$1.70 per share was not in the best interests of its shareholders as the Board considered it undervalued Arvida at that time. This was announced on the NZX in response to market rumours that Arvida had recently been the subject of an acquisition approach.

In February 2024 the Board of Arvida initiated a "value recognition programme" with the aim of maximising value for shareholders. Through its "value recognition programme" work, Arvida's Board concluded that the NBIO represented the most compelling value for Shareholders and it reengaged with Stonepeak and invited it to undertake due diligence and granted it a period of exclusivity.

On 22 July 2024 Arvida announced that it had entered into a SIA with Stonepeak to acquire 100% of the issued capital of Arvida for cash consideration of \$1.70 cash per share. The Scheme is to be implemented through a scheme of arrangement under the Companies Act between Stonepeak and Arvida's shareholders.

The Scheme is subject to several outstanding key conditions that are set out in the Scheme Booklet, including:

- Arvida shareholder approval;
- obtaining approval from the New Zealand OIO; and
- approval of the Scheme by the New Zealand High Court.

The full list of conditions to the Scheme are set out in the Scheme Booklet.

#### 1.2 Profile of Stonepeak

Stonepeak Partners LP and its related entities (together the **Stonepeak Group**) is an international fund manager with its head office in New York. As of March 2024, it has over US\$70 billion of assets under management. The Stonepeak Group specialises in infrastructure and real assets (e.g. energy, transport, logistics, telecommunications and real estate). It invests capital on behalf of more than 300 investors, including pension funds, endowments and other large institutions from around the world.

While the potential acquisition of Arvida will be the Stonepeak Group's first standalone, platform investment in New Zealand, the firm has a history of investing in New Zealand through its portfolio companies, including:

- the Stonepeak Group's portfolio company Inspired Education owns ACG Schools in New Zealand; and
- the Stonepeak Group's portfolio company Lineage Logistics, one of the world's largest temperature-controlled logistics solution provider, owns a significant footprint of cold storage warehouses in New Zealand.

## 2 Scope of the Report

### 2.1 Purpose of the Report

The Directors of Arvida have engaged Grant Samuel to prepare an Independent Adviser's Report on the merits of the Scheme. Grant Samuel is independent of Arvida and Stonepeak and has no involvement with, or interest in, the outcome of the Scheme. The Scheme is governed by the Companies Act and is required to be approved by the High Court of New Zealand in order to proceed. The High Court will not approve a scheme that affects the voting rights of a company unless:

- it is satisfied that the shareholders of the company will not be adversely affected by the use of a scheme rather than the Takeovers Code (**Code**) to effect the change involving the Code company; or
- the Court is presented with a no-objection statement from the Takeovers Panel. The Takeovers Panel will issue a No-objection Statement where it considers that an appropriate balance has been struck between:
  - alignment of the relevant scheme with what would be permitted under a Code offer; and
  - the inherent flexibility of schemes, bearing in mind the objectives of the Code and the respective roles of the Court and the Takeovers Panel.

Accordingly, when considering whether to give a No-objection Statement, the Takeovers Panel will consider:

- whether all material information relating to the scheme has been disclosed to shareholders;
- whether the standard of disclosure to shareholders is of the standard that would be required by the Code in a Code-regulated transaction (or is otherwise appropriate in the circumstances);
- whether interest classes of shareholders have been composed appropriately;
- whether the protections available to shareholders (and other equity security holders) under the Code and/or the Takeovers Act 1993 (the **Takeovers Act**) (or equivalents to those protections) have been provided for under or in connection with the scheme; and
- such other factors as the Takeovers Panel considers to be applicable in the relevant circumstances bearing in mind the respective roles of the Takeovers Panel and the Court.

Arvida is a Code company under the Code. Although the provisions of the Code do not apply to schemes of arrangement once the final orders are issued by the High Court, the practice of the Takeovers Panel (which is responsible for administering and enforcing the Code) is to conduct a review to establish whether it considers appropriate information is placed before a Code company's shareholders when they are being asked to consider granting a no-objection statement in respect of a proposed scheme of arrangement. Although there is no legal requirement under the Companies Act or the Code for an Independent Adviser's Report as a result of the Scheme, the practice of the Takeovers Panel (except in very limited circumstances) is to require the preparation of an Independent Adviser's Report (similar to a Code Rule 21 report) before it will consider issuing a final no-objection statement. Arvida will request that the Takeovers Panel issue a no-objection statement in relation to the Scheme to present to the High Court to assist with its deliberations.

Rule 21 of the Code requires the Independent Adviser to report on *the merits of an offer*. The term "merits" has no definition either in the Code itself or in any statute dealing with securities or commercial law in New Zealand. While the Code does not prescribe a meaning of the term "merit", the Takeovers Panel has interpreted the word "merits" to include both positives and negatives in respect of a transaction.

## Annexure A: Independent Adviser's Report

A copy of this report will accompany the Scheme Booklet and it will be sent to all of Arvida's shareholders. This report is for the benefit of the shareholders of Arvida and for the benefit of the High Court.<sup>3</sup> The report should not be used for any purpose other than as an expression of Grant Samuel's opinion as to the merits of the Scheme. This report should be read in conjunction with the Qualifications, Declarations and Consents outlined in Appendix F.

This report has been prepared without taking into account the objectives, financial situation or needs of individual Arvida shareholders. Accordingly, before acting in relation to their investment, shareholders should consider the appropriateness of the advice having regard to their own objectives, financial situation or needs. Shareholders should read the Scheme Booklet issued by Arvida in relation to the Scheme.

Voting for or against the Scheme is a matter for individual shareholders based on their views as to value and business strategy, their expectations about future economic and market conditions and their particular circumstances including risk profile, liquidity preference, investment strategy, portfolio structure and tax position. Shareholders who are in doubt as to the action they should take in relation to the Scheme should consult their own professional adviser.

Similarly, it is a matter for individual shareholders as to whether to buy, hold or sell securities in Arvida. These are investment decisions upon which Grant Samuel does not offer an opinion and are independent of a decision on whether to vote for or against the Scheme. Shareholders should consult their own professional adviser in this regard.

### 2.2 Basis of Evaluation

Grant Samuel has evaluated the Scheme by reviewing the following factors:

- the terms of the Scheme;
- the potential impact of the Scheme on the ownership and control of Arvida;
- the estimated value range of Arvida and the price of the Scheme when compared to the estimated value range;
- the likelihood of an alternative offer and alternative transactions that could realise fair value for Arvida shareholders;
- the likely market price of Arvida shares in the absence of the Scheme;
- any advantages or disadvantages for Arvida shareholders of accepting or rejecting the Scheme;
- the current trading conditions for Arvida;
- the timing and circumstances surrounding the Scheme; and
- the attractions and risks of Arvida's business.

Grant Samuel's opinion is to be considered as a whole. Selecting portions of the analyses or factors considered by it, without considering all the factors and analyses together, could create a misleading view of the process underlying the opinion. The preparation of an opinion is a complex process and is not necessarily susceptible to partial analysis or summary.

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<sup>3</sup> Under section 236(2)(c) of the Companies Act.





### 2.3 Approach to Valuation

In Grant Samuel's opinion the price to be paid under a full takeover or scheme of arrangement has the same economic intention and effect and should reflect the full underlying value of the company. Grant Samuel believes that the appropriate assessment of value under a full or partial takeover offer or scheme of arrangement where the offeror will gain control is the full underlying value, prorated across all shares.

If the Scheme is approved by Arvida's shareholders and if all other conditions are satisfied or waived (to the extent capable of waiver) and the SIA is not otherwise terminated, the Scheme will be implemented and 100% of the shares in Arvida would be acquired by Stonepeak. Arvida's shares would be delisted in that circumstance. The Scheme therefore is similar to a full takeover in that it represents a potential change of control event. Consistent with the valuation principles Grant Samuel applies to the assessment of a full or partial takeover offer, the value assessment under a scheme of arrangement where control of the company could change, should also be of the full underlying value of the company.

### 3 Overview of the Retirement Village Industry

#### 3.1 Overview

New Zealand has approximately 450 retirement villages comprising an estimated 40,000 accommodation units and being the home for more than 50,000 residents. Retirement villages are located throughout New Zealand reflecting population and demographics, with Auckland accounting for an estimated 23% of total units. The largest six retirement village operators own an estimated ~48% of total villages and ~65% of total units.<sup>4</sup> The largest operators are Ryman, Summerset, Arvida, Oceania, Bupa and Metlifecare. An overview of each of these companies is outlined in section 3.3 and a more detailed description of the NZX listed operators is provided in Appendix B.

Retirement village operators provide a mix of accommodation and care services. The main operators provide a full continuum of care options to meet the needs of residents. The primary categories are:

- **Independent living units (ILUs).** ILUs are for residents who are still active, self-sufficient and want to live independently. ILUs come in different configurations and comprise villas, townhouses and apartments. The primary benefit of ILUs is that residents can live independently while enjoying the security, social aspects, convenience and facilities offered by the village community.
- **Serviced apartments (SA).** SAs are for residents who require or seek extra assistance in their day-to-day life while maintaining independence within their own home. These apartments are typically smaller and offer a broader range of services including meals, cleaning and laundry services.
- **Care Suites.** Care Suites are typically one-bedroom or studio apartments designed to provide up to hospital level care. A Care Suite is smaller than a SA, but includes an ensuite bathroom and a kitchenette with small fridge and microwave.
- **Aged-care homes.** Residential aged-care homes provide residents certified hospital, dementia or rest home care services. Staff provide residents with nursing care and assist residents in their daily activities. Entry into an aged-care home is usually prompted by deteriorating health or family support no longer being available to meet the required level of care. To enter an aged-care home, a resident requires an independent assessment by a District Health Board Needs Assessor.

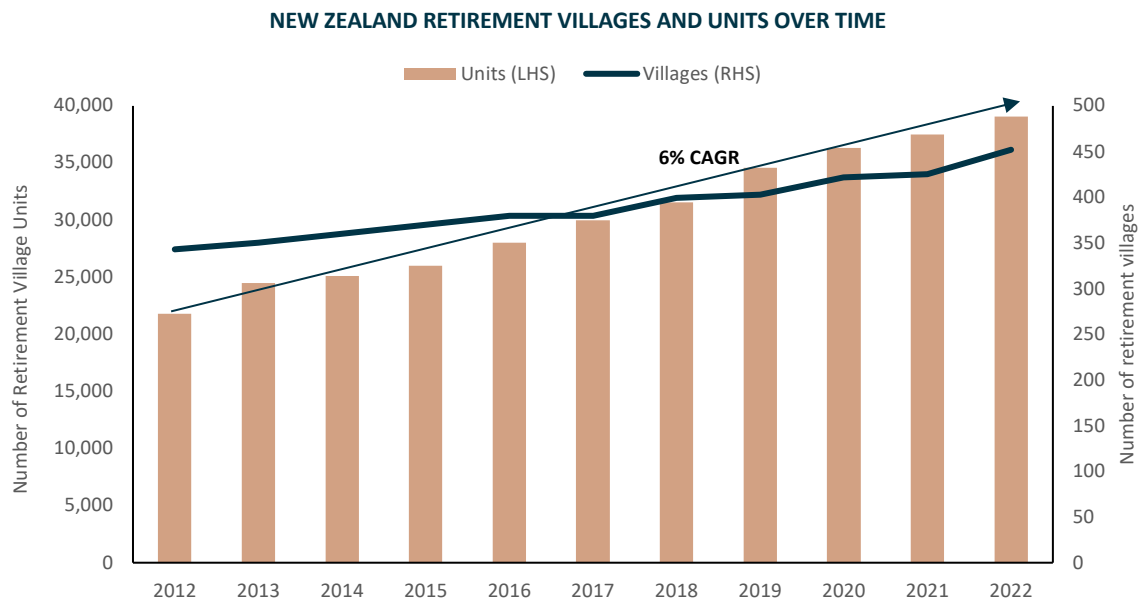
Aged care facilities are closely integrated into the retirement village market. Of the ~450 retirement villages, ~300 (or 65%) contain some form of aged care facility. Aged care facilities consist of rest home, hospital and dementia care beds. Retirement village operators continue to integrate aged care capabilities into their villages to provide a full continuum of care for their residents.

The following graph shows the trend in the number of retirement villages and retirement village units in New Zealand between 2012 and 2022. The number of retirement villages has increased by 32% over this period from 343 in 2012 to 452 in 2022. Over the same period, the number of retirement village units has nearly doubled from 21,820 to 39,070 units. This represents a compound annual growth rate (CAGR) of 6.0% p.a. in unit numbers between 2012 and 2022. Most retirement villages constructed over the period are large scale and feature greater intensification through extension and refurbishment. As a result, the average number of units per village has increased from ~64 units in 2012 to ~86 units in 2022.

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<sup>4</sup> New Zealand retirement villages and aged care database for year ending 2022. JLL Research published August 2023.





Source: JLL New Zealand Retirement Village Database (NZRVD) 2022.

The four NZX listed operators have a total pipeline of ~11,080 new units for existing and new villages comprising ~7,270 ILUs, ~1,380 SAs, ~1,708 Care Suites and ~995 aged care beds. Metlifecare has approximately 2,900 units to be developed which would bring total new units to ~14,250.

### 3.2 Commercial Model

Retirement villages employ a range of commercial operating models. In the majority of cases the retirement village operator retains ownership of the underlying unit and a resident enters into Occupational Right Agreement (**ORA**) to live in that unit<sup>5</sup>. The most common form of ORA within New Zealand's retirement villages is a Licence to Occupy (**LTO**). With an LTO the resident agrees to make a lump sum interest free payment (the **Initial Sale Price**) to the village for the contractual right to occupy a property. The resident has no legal ownership of the property itself or the land. The value of the LTO is based on several factors including the type of accommodation, size of the unit, its location and the quality of the village. For example Arvida is selling an ORA for its 210m<sup>2</sup> villas in its Queenstown village for approximately \$1.6 million. Due to the capital investment required to enter into an LTO, in most cases a prospective village resident will need to sell the family home.

The standard key terms of an ORA include:

- the occupant has the right to occupy the unit for an indefinite period until they move out.
- the resident pays a deferred management fee (**DMF**) which entitles residents to use the unit and the community facilities within the village. The DMF covers the maintenance costs of villages and costs associated with reselling the unit such as refurbishing the unit. The DMF value is typically capped at 20% to 30% of the ORA price and is paid when the resident terminates the ORA. The contracted period is based on the type of accommodation. In the case of a villa, the DMF accrues over a three year to five year period. If a resident leaves the village before the end of the contracted period then the resident will only pay the proportion of the DMF based on the length of the stay. If the resident resides in the village in the same unit for longer than the contracted period, the DMF does not increase. Arvida's

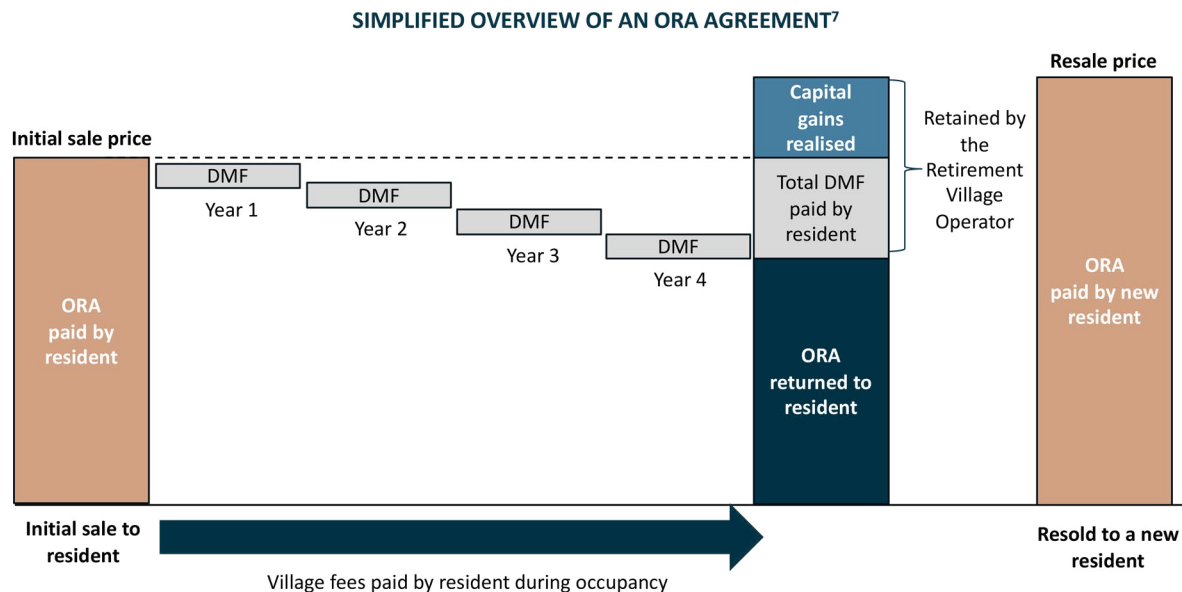
<sup>5</sup> A unit includes ILUs, SAs and Care Suites.

## Annexure A: Independent Adviser's Report

average tenure for a resident in a villa across its portfolio is approximately 6 years<sup>6</sup>. If the resident's tenure is longer than the average it impacts the cash flow of the retirement village, and vice versa.

- when the resident moves out, the ORA for the unit is resold and the resident is paid the Initial Sale Price less the DMF. The retirement village operator typically retains the capital gain or loss.
- weekly village fees which are typically fixed over the term of the ORA. Over the last three years, New Zealand's inflation has ranged between 4% and 7% per annum. A number of retirement village operators are revising the commercial structure of the weekly fees to address the impact of high levels of inflation. The weekly fees cover the operational costs of the village such as insurance, rates, staff costs and general maintenance.

The following diagram provides a simplified overview of a standard ORA Agreement:



If a resident's health deteriorates to a point where they require a higher level of care they can move from an ILU into an aged care facility. Aged care is typically charged on a daily bed rate and the rate is dependent on the level of care required (i.e. rest home, dementia or hospital level care).

Work and Income New Zealand provides means-tested subsidies to support aged-care residents with care fees. The subsidies are available to residents if they satisfy the asset and income thresholds means test. For example subsidies would be available to a single person or couple over the age of 65 years with assets lower than approximately \$285,000.

Daily bed rates for standard care beds in New Zealand are set between \$175 to \$300 per bed per day based on the resident's level of need. The lack of Government funding for health care and migration policies in response to COVID-19 resulted in an extreme staff shortage within the care industry between 2021 and 2023. Staffing and nursing remains an ongoing challenge in some regions and there are wage pressures due to competition. Aged care providers are increasingly seeking Premium Accommodation Charges (**PACs**) for amenities beyond regulatory requirements, such as private bathrooms and balconies.

Recently the aged care sector has seen the introduction of Care Suites capable of providing high level care under an ORA. These suites typically range in price from \$250,000 to \$500,000. As with retirement village ORAs, the provider retains 15% to 30% of the DMF offsetting capital costs, maintenance and amenities. There has been steady growth in Care Suites sold under ORAs. Care suites ORAs are generally a premium care

<sup>6</sup> The current average tenure of ILU residents is 6.2 years. The anticipated tenure ranges from 6.7-9.3 years.







<sup>7</sup> This does not include all cash flow items, including the cost to refurbish the unit when the resident departs.

offering compared with traditional care beds. The listed aged care operators have pivoted new care development towards Care Suites.

### 3.3 Overview of the Largest Retirement Village Operators

An overview of the six largest retirement village and aged care operators in New Zealand is provided below:

OVERVIEW OF PRIMARY RETIREMENT VILLAGE OPERATORS IN NEW ZEALAND

ENTITY	EXISTING VILLAGES	GREENFIELD SITES	RESIDENTS	EXISTING UNITS AND BEDS	UNITS TO BE DEVELOPED	OWNERSHIP
 RYMAN HEALTHCARE	34	5	12,560	11,502	3,161	▪ NZX
 Summerset	36	5	8,000	7,361	4,741	▪ NZX
 metlifecare	32	10	6,900	6,445	2,900	▪ Private (EQT)
 Arvida	35	3	6,750	5,615	1,877	▪ NZX
 Bupa	39	n.a.	5,000	n.a.	n.a.	▪ Private (UK company)
 OCEANIA Believe in Better	44	2	4,000	4,382	1,571	▪ NZX
<b>Total<sup>8</sup></b>	<b>220</b>	<b>25</b>	<b>43,210</b>	<b>35,305</b>	<b>14,250</b>	

Source: Company disclosures and websites. Grant Samuel analysis.

The following comments are relevant when reviewing the table above:

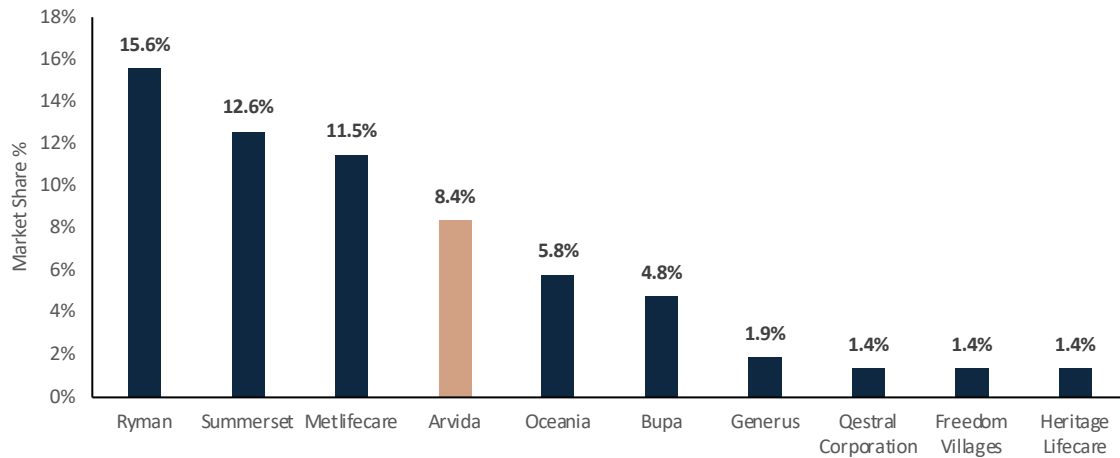
- Ryman, Summerset, Arvida and Oceania are listed on the NZX. Metlifecare was previously listed on the NZX and was taken private in 2020 by Asia Pacific Village Group, which is ultimately owned by Swedish private equity firm, EQT.
- Bupa New Zealand is owned by The British United Provident Association Limited (**Bupa**) in the UK, which is a multinational health insurance and healthcare group. Bupa is the second ranked operator (by market share) in the aged care market and sixth ranked in the retirement village market in New Zealand.
- Ryman is the largest retirement village operator in New Zealand with ~11,502 existing units with 3,161 units to be developed. Ryman also operates in Victoria, Australia. The New Zealand market represents 85% of Ryman's total units and development pipeline.
- Summerset is the second largest retirement village operator with ~7,361 existing units. It has a large development pipeline of ~4,741 units. Summerset also operates in Victoria, Australia, which represents 30% of its total development pipeline.

The following charts provide a market share breakdown (by number of units) for the New Zealand retirement village and aged care sectors for the top 10 operators in each market. The top 10 retirement village operators represent ~65% of the market share while the top 10 aged care providers represent a ~52% market share. The aged care market is more fragmented with a larger number of smaller participants, many of which only have one aged care facility.

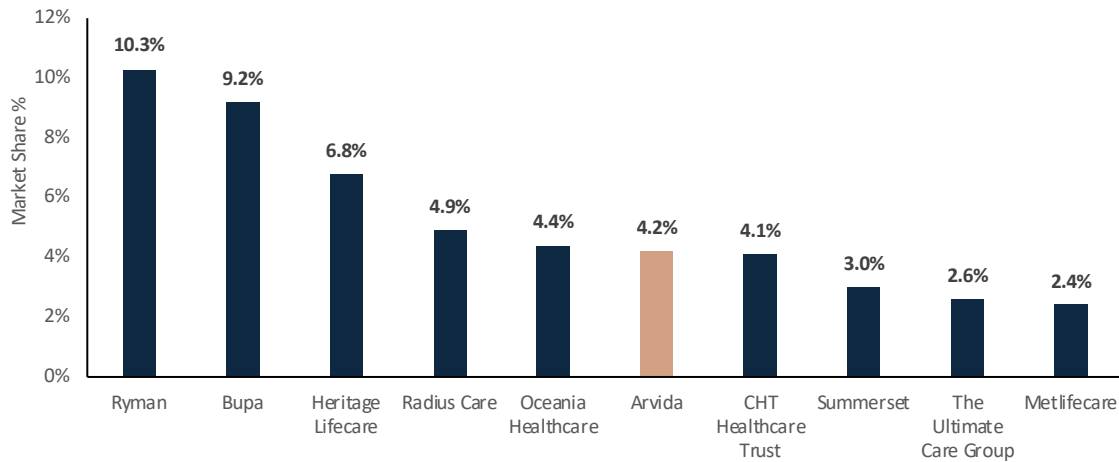
<sup>8</sup> Note that the number of greenfield villages, existing units and units to be developed does not include data for Bupa as it does not publicly disclose this information.

## Annexure A: Independent Adviser's Report

### NEW ZEALAND MARKET SHARE – RETIREMENT VILLAGE SECTOR<sup>9</sup>



### NEW ZEALAND MARKET SHARE – AGED CARE SECTOR<sup>10</sup>



- Heritage Lifecare is a significant operator in the aged care market with 42 care homes and 20 villages. Heritage is owned by Australian private equity firm Adamantem. Heritage sold a portfolio of 38 aged care property assets to ASX listed Centuria in 2021 for ~\$291m under a sale-and-leaseback transaction.
- Radius is almost exclusively focused on the aged care market and is listed on the NZX. It operates from a mix of owned and leased properties.

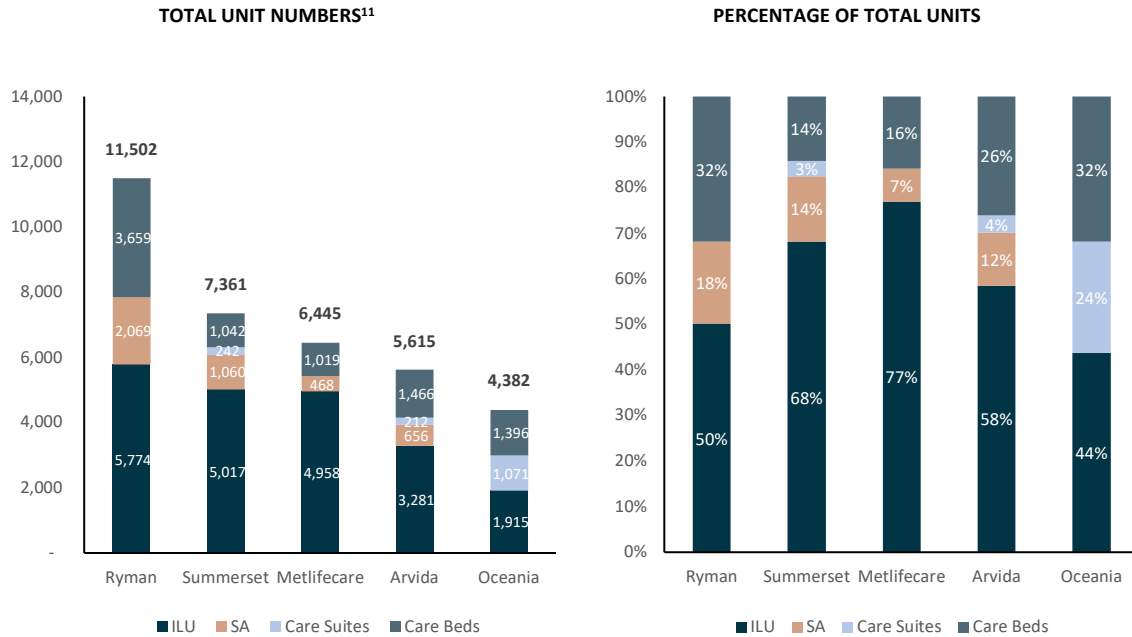
The largest operators in New Zealand have achieved similar scale in terms of total sites (ranging between 32-44 each). The listed operators each have significant pipelines of new units to be developed at existing villages and greenfield sites. The following graphs provide a breakdown of the existing and pipeline of new units by type (including the % of total). This is based on the most recent company disclosures.

<sup>9</sup> Source: CBRE as at 4 March 2024.

<sup>10</sup> Source: CBRE as at 4 March 2024.



**NZ UNIT NUMBERS BY TYPE FOR SELECTED RETIREMENT VILLAGE OPERATORS – EXISTING PORTFOLIO**



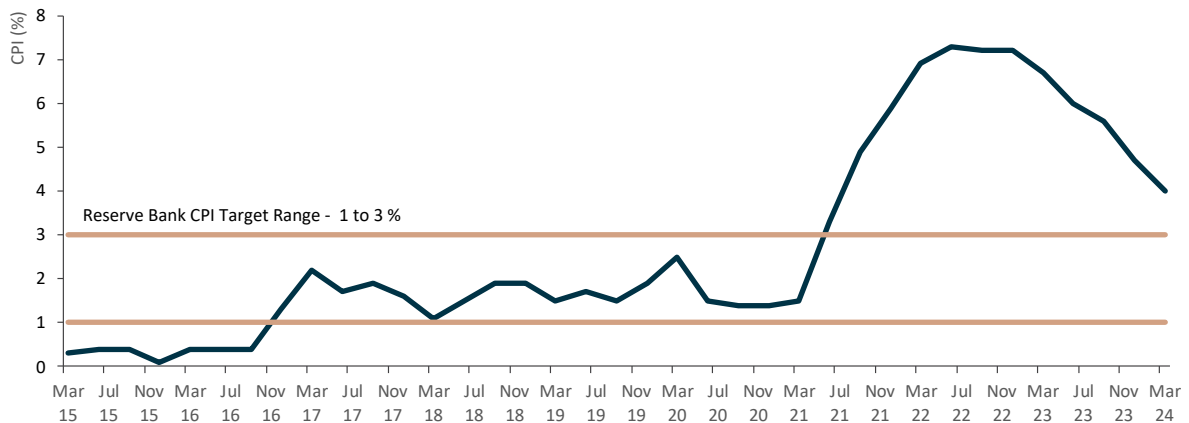
**3.4 Industry Drivers**

**Economic environment**

The financial performance of the retirement village sector is impacted by a range of macro-economic factors including construction prices, inflation, interest rates and house prices. In recent years, interest rates and inflation have impacted construction costs slowing the rate of development and reducing supply.

New Zealand’s CPI increased sharply in mid 2021 due to several factors, largely driven by the impact of COVID-19. This included the flow on effects from global supply chain disruption, government stimulus and fiscal policies. Since mid 2021 the Reserve Bank of New Zealand (RBNZ) has rapidly increased the official cash rate (OCR) from 0.25% to 5.50%, the highest rate for over 15 years. The impact of the OCR increase has had its desired impact and has reduced consumer spending and investment and as a result CPI has started to decline towards the RBNZ target range of 1-3%.

**CPI INDEX SINCE MARCH 2015**



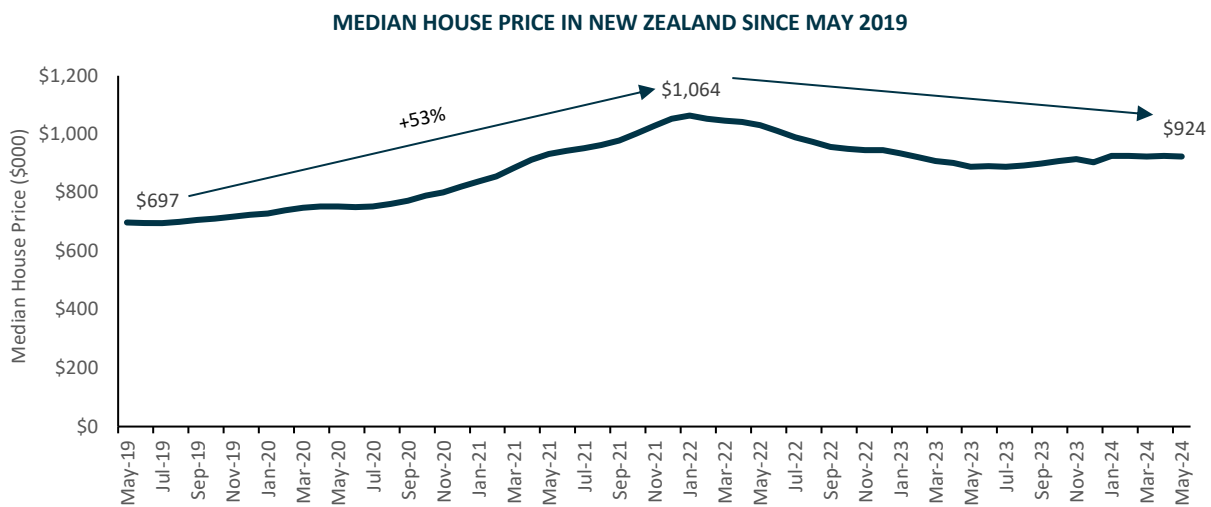
<sup>11</sup> Metlifecare does not provide a split between care suites and care beds.



## Annexure A: Independent Adviser's Report

From 2019 to early 2022 median house prices increased by approximately 53%. This was due to high demand, a shortage of housing supply initially and the impact of fiscal policy in response to COVID-19 which lowered interest rates. The OCR increases led to a significant rise in mortgage costs. Since mid 2021 the two year mortgage rate increased from approximately 3.5% to over 7.4%<sup>12</sup>. The increase in borrowing costs, and the increases in the cost of living caused by the high levels of inflation has had a material impact on housing prices and sales volumes.

The following graph shows the median sale price for New Zealand houses between May 2019 and 2024. The median sale price peaked in January 2022 at \$1.064m. As at May 2024 the median sale price had decreased to \$0.924m, 13% from the peak. The median sale price is still 32% higher than observed in May 2019. The recent decline in house prices has impacted the liquidity of property in New Zealand which has made it harder for some people to enter into an ORA agreement with retirement villages.



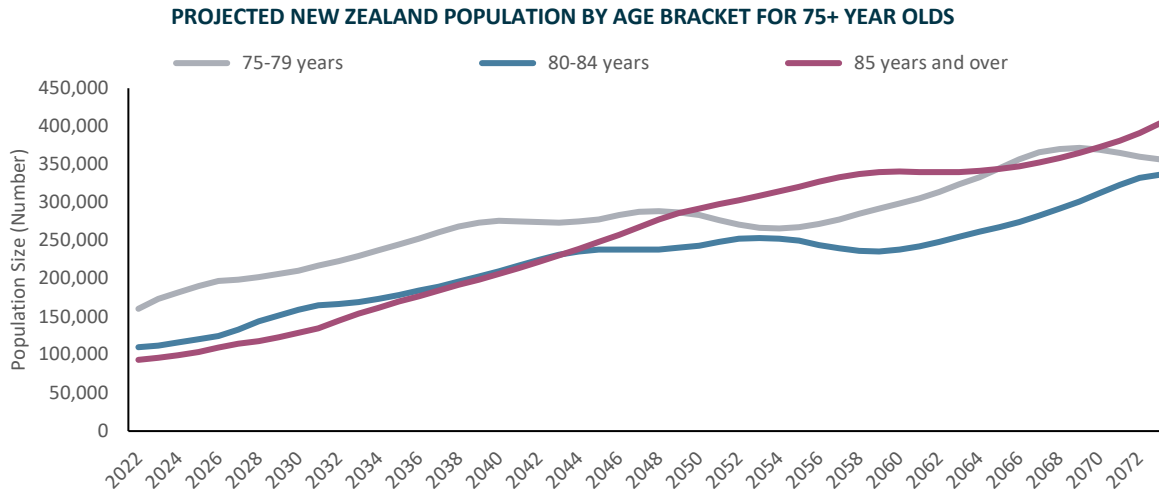
Source: Quotable Value House Price Index

### Ageing Population

The target market for retirement village operators is residents that are over 75 years old. According to Statistics New Zealand there were approximately 364,000 people in this age bracket in New Zealand in 2022. The 75+ population is forecast to reach approximately 500,000 by 2030 and 820,000 by 2050. The increase in population for this age bracket will continue to provide significant demand for retirement village and aged care services. The larger populations in Auckland, Hamilton and Tauranga are expected to result in strong development in these regions which is expected to have nearly half of the 75+ population by 2048. The following graph shows the forecast population by age bracket to 2072. The 85+ population is forecast to grow from 93,500 in 2022 to 292,400 by 2050, representing a CAGR of 4.2% p.a. This compares to overall growth of the New Zealand population of 0.6% p.a. over the same time period. Advances in healthcare and living standards have contributed to longer life expectancies and continued healthcare advances are expected to continue to be a driver of the ageing population.

<sup>12</sup> RBNZ



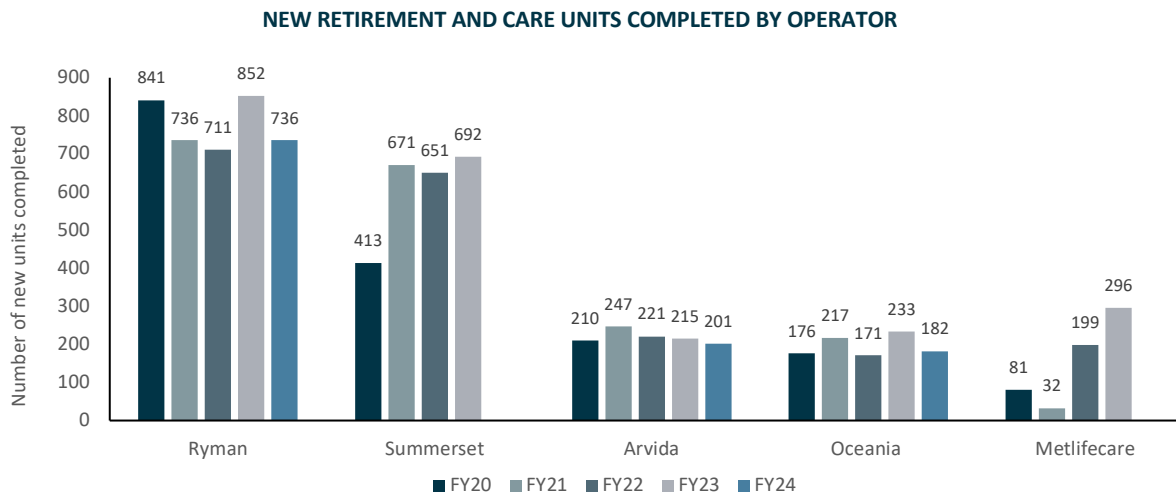


Source: Stats NZ. Grant Samuel analysis.

### 3.5 Development

The development of new retirement villages represents the main growth opportunity for operators. Operators undertake development activities to seek to accommodate the expected growth in the population aged over 75 years.

Ryman and Summerset are the largest developers of retirement villages in New Zealand and have the largest pipelines for the development of new units. Arvida and Oceania have both developed a similar number of new units per year between FY20 and FY24 at an annual average of ~220 and ~200 new units per year respectively. Development of new units has been focused on ILUs, SAs and Care Suites.

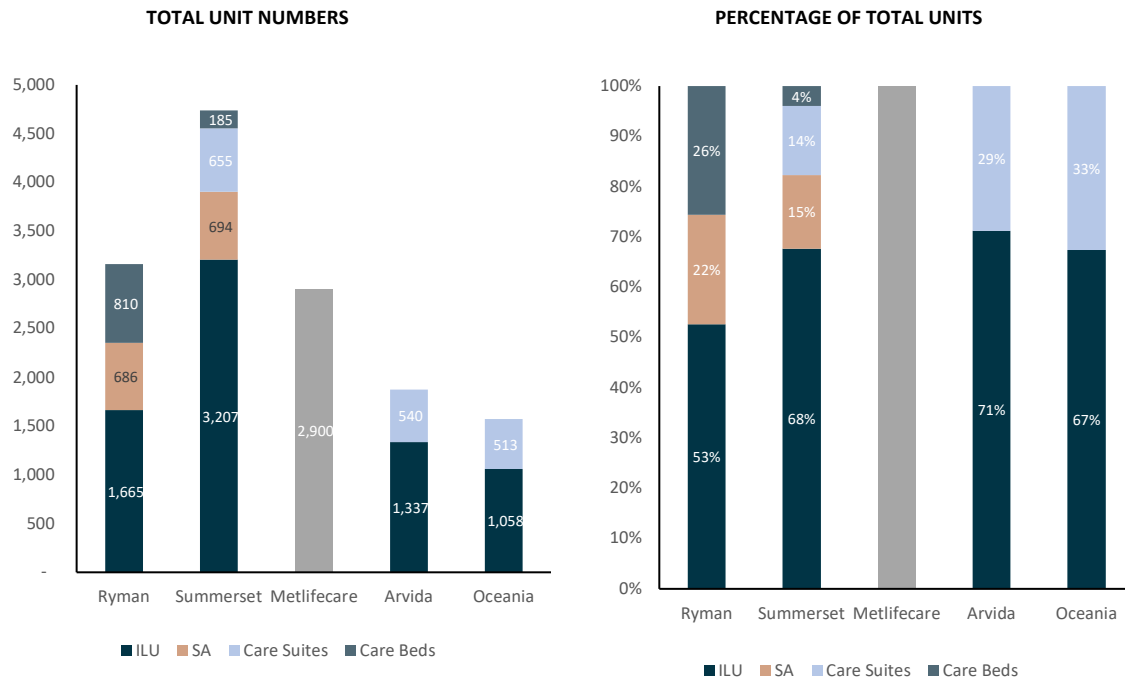


The following chart shows the breakdown between unit types for the New Zealand development portfolios for the listed retirement village operators. Metlifecare does not disclose the breakdown of its landbank between ILUs, SAs and aged care beds.

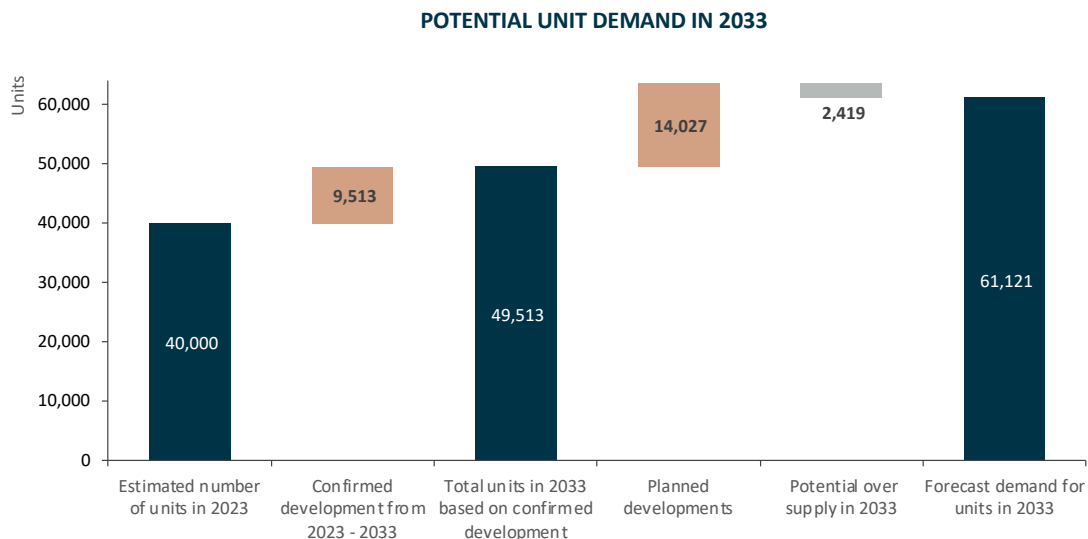


## Annexure A: Independent Adviser's Report

### NZ UNIT NUMBERS BY TYPE FOR NZX LISTED RETIREMENT VILLAGE OPERATORS – DEVELOPMENT PORTFOLIO



JLL estimate that based on the current development profile it is unlikely the retirement village operators will be able to develop at a rate over the next 8-10 years that will meet the forecast demand which is being driven by an ageing population.<sup>13</sup> JLL estimate that there will be demand for approximately 61,000 units by 2033. The development pipeline may therefore not meet the expected demand. If the development that is in the “planning” phase is included there could be the potential of an oversupply by 2033. However, this would require existing village operators to exceed the rate of development achieved over the last five years by over 30%.



Source: JLL New Zealand retirement villages and aged care database for year ending 2022

<sup>13</sup> New Zealand retirement villages and aged care database for year ending 2022. JLL Research published August 2023.

Aged care bed economics have become more challenging with EBITDA margins falling from ~18% in 2018 to ~10% in 2023.<sup>14</sup> The economics have been impacted by higher operating costs including staffing and compliance and relatively fixed income streams from Government funding and private payments. This is impacting the sector's capacity to expand and modernise existing assets. The response has been a drop in the build rate for new care facilities. It is estimated that New Zealand needs at least 30,000 new care beds over the next 15-20 years or about 2,000 annually. This compares to net additions of care beds over the last 10 years of approximately 200 units annually.<sup>15</sup>

As the occupancy of New Zealand's care beds approaches 100%, elderly people in need of care could face the prospect of being hospitalised in public hospitals (at a significantly higher cost to the Government at approximately \$1,700 per night) or experiencing extended stays at home. New Zealand has a low number of Intensive Care Units (ICUs) in hospitals per capita compared with international norms and as a result utilisation rates of ICUs are at the upper end among global comparisons. This highlights the Government's incentive and the need to improve the economics of New Zealand's care infrastructure.

### 3.6 Regulation

#### ***Retirement Villages Act 2003***

Registered retirement villages in New Zealand must comply with the Retirement Villages Act 2003 (the **Act**) and associated regulations and codes. The Act aims:

- to protect the interests of potential and existing residents of retirement villages. As an example the Act includes providing potential residents with a minimum 15 working days "cooling off" period that allows residents to change their mind about becoming a resident after signing an ORA and receive a refund of any deposit that may have already been paid;
- to promote understanding of the financial and occupancy interests of potential and existing residents of retirement villages. The Act requires the retirement village operator to have a clear and unambiguous ORA and ensures potential residents receive independent legal advice;
- to provide a legal framework that enables development of the sector and is easy for retirement village operators and residents to understand; and
- to regulate and monitor retirement village operators<sup>16</sup>.

In August 2023 the Government released a discussion paper, Review of the Retirement Villages Act 2003 and sought submissions by November 2023. The discussion paper included a range of items for discussion and submission, including:

- should retirement villages operators be required to pay for the repair or replacement of the fixtures that come with the unit; and
- should retirement villages operators be required to repay the capital within a fixed period (e.g. 6-12 months).

At the time of this report, the Government had not completed its review and changes to the Act are unknown.

<sup>14</sup> Forsyth Barr 20 June 2024 - Radius Residential Care Equity Research

<sup>15</sup> Forsyth Barr 20 June 2024 - Radius Residential Care Equity Research

<sup>16</sup> The Ministry of Housing and Urban Development



### ***Aged Care Regulatory Review***

In July 2023, Health New Zealand (HNZ) began a review of funding and service models for aged care services. The purpose of the review is to provide recommendations that will, over time, improve the sustainability of services and ensure equity of access and outcomes for older people across New Zealand. Phase One of the review was completed in December 2023. The main output of this phase was a report on the current state of aged residential care and home and community support services (HCSS). The report identified five key issues:

- aged residential care and HCSS are under-funded;
- the funding models used to distribute funding to the sector are no longer fit for purpose;
- there are material ethnic inequities in accessing aged care services;
- the aged care sector continues to face significant workforce pressures; and
- issues with aged care are exacerbated in regional and rural New Zealand.

Phase two of the review began in January 2024 and is focused on developing recommendations for service and funding models that will result in a more integrated care model, efficient use of resources and fit-for-purpose regulatory and funding regimes.

### ***Tax***

A number of New Zealand's listed retirement villages have historically paid little to no tax. The commercial model of Retirement Villages is primarily driven by making capital gains from the sale of ORAs for existing units.

The income assessment of DMF revenue is dependent on the ORA and can include recognising DMF revenue for tax purposes:

- over the fixed term of the contracted period;
- over the average tenure of the contract; and
- at the end of the contract.

It is common under new ORA agreements to recognise DMF for tax purposes at the end of the contract. This creates a timing difference for tax purposes between the operational expenses of retirement village operators which are largely deductible in the year that they are incurred and the DMF revenue that is recognised at the end of a contract which in the case of a villa would be approximately eight years.

It is common for a retirement village operator to make an operational loss for tax purposes when excluding the revaluation gains or loss from the revaluation of operators' property assets and the DMF income which is not yet assessable for tax purposes.

This dynamic is amplified when a retirement village operator is in growth mode and developing new villages because of the timing differences summarised above. The ability for a retirement village operator to offset operational tax losses into perpetuity is unlikely as the retirement villages mature and DMF growth occurs with property price increases.

The other key factors driving listed retirement villages' tax losses include:

- the land and buildings are not sold under an LTO by the retirement village operator. The retirement village operator continues to own these investments and benefits from any capital gain in value on the properties. The revaluation of operators' property assets is not assessable income for tax purposes;
- when a retirement village operator settles an existing ORA and enters into a new ORA and consequently makes a capital gain it does not give rise to income for tax purposes;



- New Zealand's listed retirement villages have similar capital structures with debt to equity ratios between approximately 30% – 35%<sup>17</sup>. This level of debt incurs interest, which minimises taxable profits; and
- for the 2012 – 2020 income years, the depreciation rate for buildings with an estimated life of more than 50 years was set at 0%. In 2020, in response to COVID 19, depreciation for long-lived buildings (other than residential buildings) was reinstated from 1 April 2020 at a rate of 2% diminishing value. For retirement villages this provided an additional tax shield. From 1 April 2024, the depreciation rate has been set back to 0% for tax purposes which will remove the tax shield from depreciation.

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<sup>17</sup> Calculated as a ratio of net interest bearing debt to net interest bearing debt plus the book value of total equity

## 4 Profile of Arvida

### 4.1 Background and History

In 2014, 18 retirement village and aged care operations were combined to form Arvida, one of the larger operators of retirement village and aged care facilities in New Zealand. Arvida listed on the NZX late in 2014 and raised \$80 million in new capital via an initial public offering (IPO).

Today, Arvida has over 2,900 employees and has 35 retirement communities throughout New Zealand. Arvida's rapid growth since 2014 has been achieved through investment in its own development and as well as the deployment of \$760 million to acquire existing villages to facilitate its geographic expansion.

### 4.2 Overview of the Portfolio

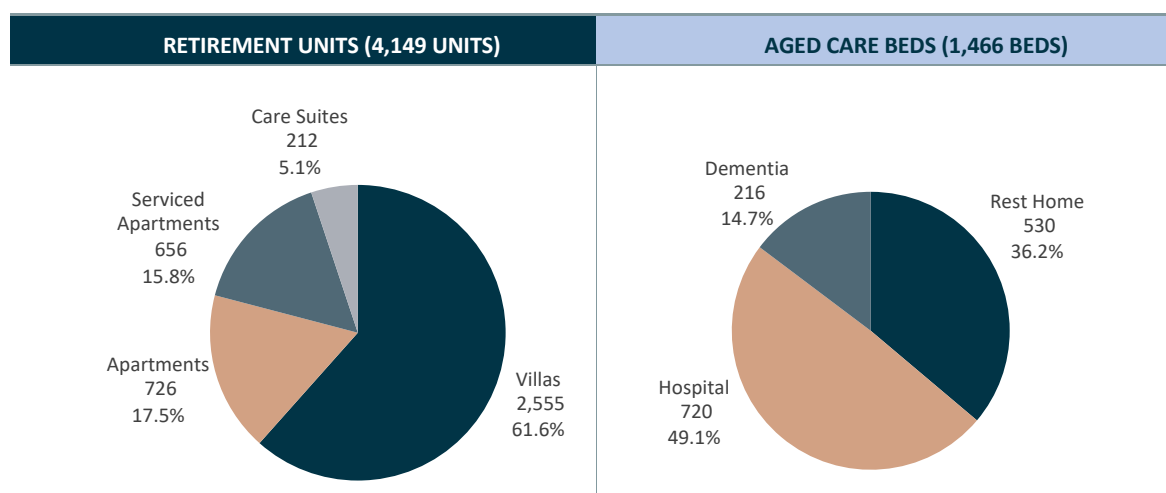
Arvida provides a continuum of care to residents, including approximately 1,466 aged care beds and 4,149 retirement living units providing services to over 6,750 residents. Arvida offers a broad range of independent, semi-independent and full care living options for residents, as well as flexible care service plans depending on the needs of the resident. A summary of the different living options is outlined below:

#### LIVING OPTIONS

<b>VILLA</b>	<ul style="list-style-type: none"> <li>Independent living ranging from one to three bedrooms.</li> <li>A single or double garage available in most locations.</li> </ul>
<b>APARTMENT</b>	<ul style="list-style-type: none"> <li>Independent living ranging from one to three bedrooms.</li> </ul>
<b>SERVICED APARTMENT</b>	<ul style="list-style-type: none"> <li>Usually one-bedroom or studio, with a bathroom, kitchenette and living area.</li> <li>Wide range of services available through to rest home care.</li> </ul>
<b>CARE SUITE</b>	<ul style="list-style-type: none"> <li>One-bedroom or studio apartment purchased by way of ORA</li> <li>Rest home, dementia and hospital-level care can be provided</li> </ul>
<b>AGED CARE ROOM</b>	<ul style="list-style-type: none"> <li>Short-term respite and long-term full-time care</li> <li>Large range of rest home and hospital care beds, and secure dementia care facilities.</li> </ul>

A summary of the accommodation profile is summarised below:

#### ACCOMMODATION PROFILE AS AT 31 MARCH 2024<sup>18</sup> & <sup>19</sup>

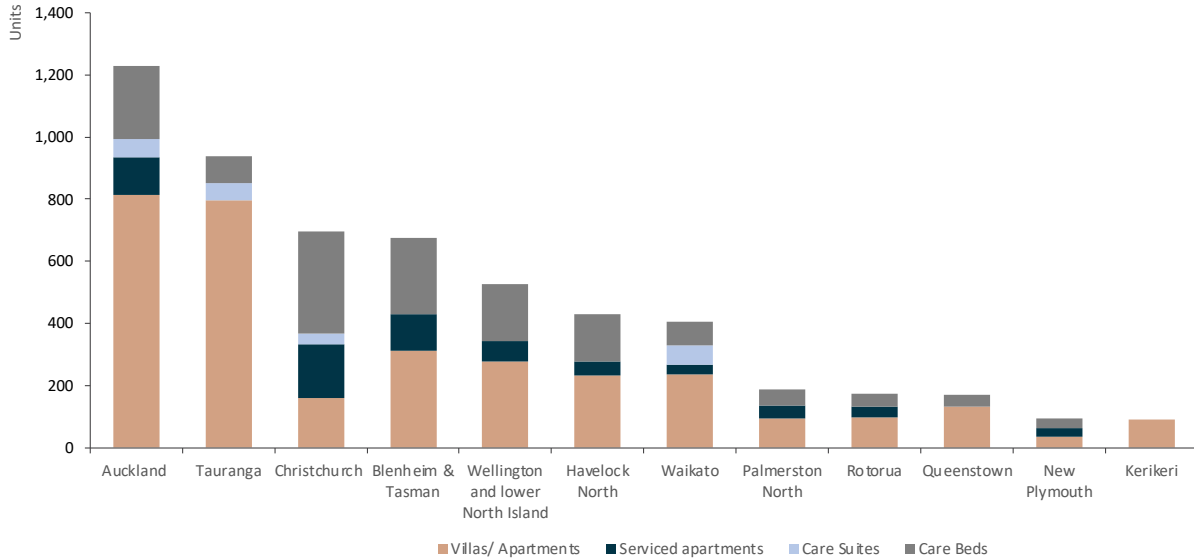


<sup>18</sup> The numbers excludes Strathallan Healthcare Limited and Strathallan Lifecare Village Limited (Strathallan) which was sold in April 2024.

<sup>19</sup> Includes 100% of the Village at the Park Care Limited and Village at the Park Lifecare Limited (Village at the Park) 50/50 joint venture

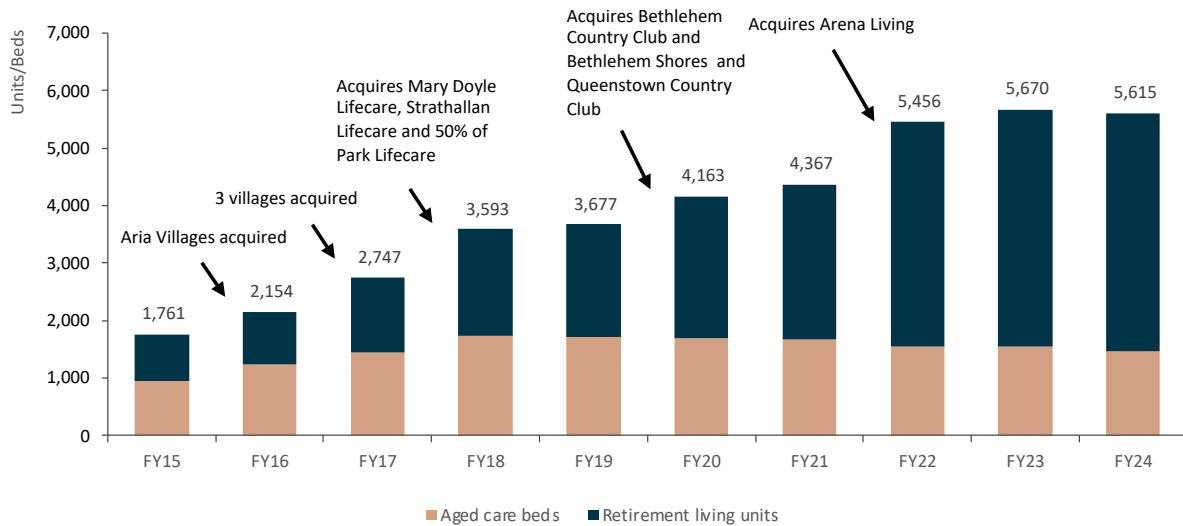
Arvida’s retirement communities are located throughout New Zealand including Auckland, Tauranga, Christchurch, Blenheim and Tasman and Wellington.

**NUMBER OF UNITS AND CARE BEDS BY REGION**



Arvida’s unit numbers have grown significantly over the last 10 years, largely driven by several acquisitions and development activity. Arvida’s mix of its portfolio has also changed from being evenly weighted between aged care beds and retirement living units to being skewed towards retirement living units.

**ARVIDA UNITS / BEDS <sup>20</sup>**



<sup>20</sup> FY24 excludes Strathallan which was sold in April 2024.



## Annexure A: Independent Adviser's Report

An overview of the portfolio is summarised below:

### ARVIDA PORTFOLIO<sup>21</sup>

VILLAGE	VILLA/ APT	SA	CARE SUITES	AGED CARE	YEAR OPEN
<b>NORTH ISLAND</b>					
Te Puna Waioira - Kerikeri	90	-	-	-	2021
Aria Bay - Auckland	91	17	59	-	1999
Aria Gardens - Auckland	-	-	-	153	1992
Aria Park - Auckland	-	46	-	84	1987
Peninsula Club - Auckland	238	-	-	-	1987
Mayfair - Auckland	100	-	-	-	1992
Knightsbridge - Auckland	248	-	-	-	1999
Parklane - Auckland	99	58	-	-	1988
Mt Eden Gardens - Auckland	36	-	-	-	2003
Cascades - Hamilton	5	32	-	74	2005
Lauriston Park - Cambridge	198	-	63	-	2008
Bethlehem Views - Tauranga	-	-	-	88	2011
Copper Crest - Tauranga	187	-	55	-	2007
Bethlehem Country Club - Tauranga	170	-	-	-	2004
Bethlehem Shores - Tauranga	228	-	-	-	2014
Ocean Shores - Tauranga	210	-	-	-	1994
Whai Mauri Ora - Te Awamutu	32	-	-	-	2023
Glenbrae - Rotorua	98	35	-	41	1990
Mary Doyle - Havelock North	233	46	-	150	1996
Olive Tree - Palmerston North	95	41	-	51	1992
Molly Ryan - New Plymouth	35	28	-	33	1984
Waikanae Country Lodge - Kapiti	4	20	-	59	1993
Lansdowne Park - Masterton	100	29	-	50	2003
Village at the Park - Wellington	174	17	-	75	2001
<b>SOUTH ISLAND</b>					
Ashwood Park - Blenheim	18	35	-	121	1993
The Wood - Nelson	5	36	-	77	1999
Oakwoods - Nelson	116	45	-	48	1989
Waimea Plains - Tasman	175	-	-	-	2019
St Albans - Christchurch	21	60	-	37	2003
Ilam - Christchurch	-	43	-	76	2004
Mayfair - Christchurch	11	23	-	63	1999
St Allisa - Christchurch	-	-	-	109	2010
Park Lane- Christchurch	86	45	-	42	1988
Rhodes on Cashmere- Christchurch	44	-	35	-	2000
Queenstown Country Club - Queenstown	134	-	-	35	2017
<b>Total<sup>22</sup></b>	<b>3,281</b>	<b>656</b>	<b>212</b>	<b>1,466</b>	

<sup>21</sup> See Arvida's Investment Presentation 31 March 2024 (slide 59) for the valuations of each village.

<sup>22</sup> Includes 100% of the Village at the Park joint venture, Arvida has a 50% interest

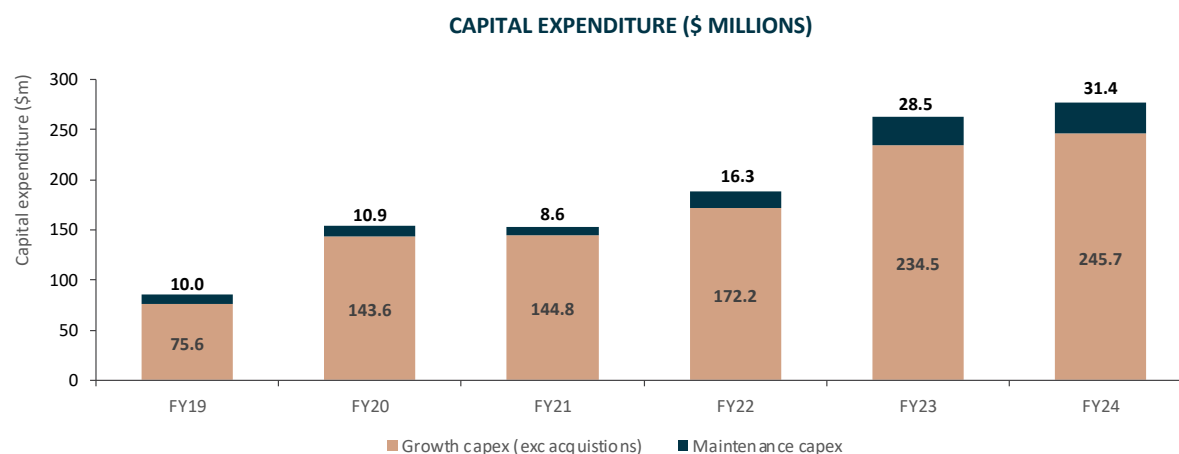




The following comments are relevant when reviewing the table above:

- Arvida’s Villas, Apartments, SAs and Care Suites are all occupied under ORA arrangements. Due to the number of acquisitions that Arvida has completed there are a wide range of ORA contracts. The most common ORA contract is an LTO agreement. The key standard ORA terms include the following:
  - all capital gains and losses on a unit accrue to Arvida;
  - for Villas and Apartments, DMF is accrued over four years to a maximum of 30%;
  - for SAs and Care Suites, DMF is accrued over two years to a maximum of 30%;
  - refurbishment of each unit is completed at the sole discretion of Arvida and at its cost;
  - if Arvida has not paid the resident the exit payment six months after the resident leaves, Arvida will pay interest from the end of the 6 month period until the resident loan is repaid; and
  - Residents pay a weekly fee to cover outgoings incurred by Arvida including maintaining and operating the Village, the community facilities and common areas. The fees vary depending on location and the quality of village. For Villas and Apartments the average weekly fee is approximately \$165 and for the SAs the average is \$450.
- Aged care comprises rest home, hospital or dementia beds with some centres having “swing” beds to offer rest home or hospital level care. Aged care facilities have a dedicated on-site clinical care service certified by the Ministry of Health. All aged care facilities have certifications which last between 1 to 4 years (depending on previous audit results) before requiring recertification. Certification requires an independent audit of the facility to ensure compliance with the Health and Disability Services (Safety) Act 2001.
- Aged care generates cash flows from:
  - Government or privately funded daily bed rates to the specified care level and PACs where available; and
  - DMFs where a resident is staying in a care suite under an ORA arrangement. As at 31 March 2024 Arvida had 212 Care Suites.
- The age of Arvida’s portfolio ranges from properties that first opened in the 80s to three developments that were opened in the last three years. The units and facilities are maintained and upgraded over time to seek to maximise their economic value. This is required to maintain competitiveness to ensure there is continued demand for the units. From FY19 to FY24 Arvida invested on average approximately \$18 million per annum on maintenance capital expenditure of which ~50% related to the refurbishment of units as residents moved out. From FY19 to FY24 Arvida has invested approximately \$170 million per annum in the development of new villages and units.

## Annexure A: Independent Adviser's Report



### 4.3 FY24 Development and Pipeline

Development is a key driver of growth for Arvida. Arvida has approximately 115 employees in its development and construction team. Arvida uses a blend of internal resource, head contractors and subcontractors for development. The combination of internal and external resource will vary based on the location of the village and availability of internal resource.

In FY24 Arvida completed the development of 201 villas and apartments across seven villages. The following table provides a summary of the key metrics for development by village and the average sales price.

#### FY24 DEVELOPMENT

LOCATION	VILLAS AND APARTMENTS COMPLETED	AVERAGE SALES PRICE (\$000)	AVERAGE SIZE (SQM)
Aria Bay - Auckland	57	905	75
Bethlehem Shores - Tauranga	20	1,400	230
Lansdowne Park - Masterton	18	775	135
Queenstown Country Club - Queenstown	17	1,400	190
Te Puna Waiora - Kerikeri	25	990	140
Waimea Plains - Richmond	24	800	125
Whai Mauri Ora -Te Awamutu	32	985	160
Peninsula Club - Auckland	8	945	94
<b>Total</b>	<b>201</b>		

In FY24 Arvida's development programme was constrained to preserve headroom within its debt facilities with the building of Villa's taking priority. The development of Arvida's premium sites at Queenstown Country Club and Bethlehem Shores has also been prioritised.

Arvida has plans to develop approximately 1,050 new units over the next five years across 16 villages, and it has the opportunity to develop a further 830 units within the existing land bank. Arvida's development plan does not include any stand-alone aged care bed facilities such as St Allisa located in Christchurch.

A summary of the planned development for the next five years is outlined below:

PLANNED DEVELOPMENT					
LOCATION	RETIREMENT UNITS	CARE UNITS	TOTAL	STAGE	COMPLETION YEAR
<b>GREENFIELD</b>					
Bethlehem Shores - Tauranga	57	54	111	Sales	FY26
Queenstown Country Club - Queenstown	92	62	154	Sales	FY27
Te Puna Waiora - Kerikeri	76	36	112	Sales	Ongoing
Waimea Plains - Richmond	9	40	49	Consented	FY28/FY29
Whai Mauri Ora -Te Awamutu	102	-	102	Sales	Ongoing
Lincoln Site - Christchurch	68	-	68	Design	na
Warkworth Site - Auckland	57	-	57	Design	na
Waikanae Site - Kapiti	90	-	90	Design	na
<b>BROWNFIELD<sup>23</sup></b>					
Peninsula Club - Auckland	26	-	26	Sales	FY26
Lansdowne Park - Masterton	17	-	17	Sales	FY26
Mayfair - Auckland	57	-	57	Construction	FY27
Other sites	60	146	206	Design	na
<b>Total</b>	<b>711</b>	<b>338</b>	<b>1,049</b>		

The following comments are relevant when reviewing the table above:

- In FY25 Arvida plans to complete approximately 156 units, of which 98 are at the Queenstown Country Club. The number of new units that is forecast to be delivered in FY25 is slightly lower than the average of 220 units per annum over the last five years. This is a function of Arvida's current financial position which is capital constrained and the current market environment (i.e. high interest rates, inflated construction costs and a subdued property market). Arvida is limiting its development debt by ensuring its growth is fully funded by the recycling of capital from the sale of new units.
- Brownfield development in progress comprises 100 units, with an additional 343 units in the pipeline (this requires 161 ORA units to be decommissioned). There are no further plans to progress Brownfield sites other than what has been committed.
- Over the next five years Arvida plans to invest approximately \$840 million in development projects at a rate of approximately 210 units per annum.
- Arvida has three sites in the design phase and these combined with greenfield developments at existing sites present an opportunity to develop approximately 1,400<sup>24</sup> units (660 above the planned development over the next five years). The new Greenfield opportunities include:
  - *Lincoln* – has been rezoned and consented;
  - *Waikanae Beach* – master planning is nearing completion; and
  - *Warkworth* – lodged rezoning and plan change application is being processed. Arvida plans to sell approximately 40 hectares of surplus land from this site.
- To improve its development margin Arvida has developed a Greenfield master plan and it is using standardised designs as templates. It is targeting the development of approximately 200 villas and 40 Care Suites at each new Greenfield site and it may include apartments where the location has sufficient population density.

<sup>23</sup> Brownfield is the expansion or redevelopment of an existing development that was not built by Arvida.

<sup>24</sup> Development units are subject to master planning and final board approvals, and accordingly are subject to change.

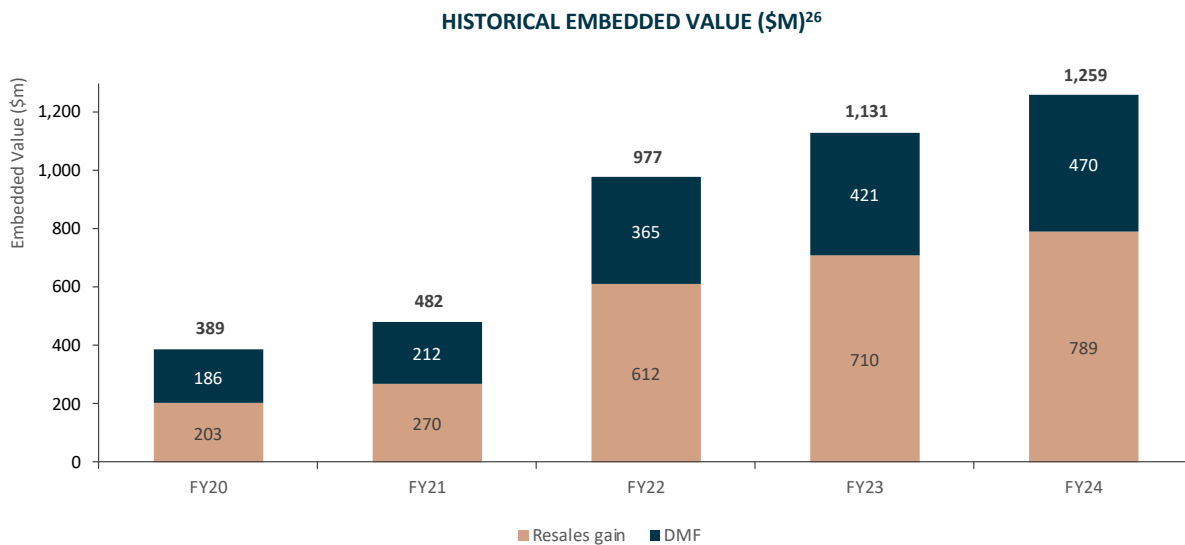


## Annexure A: Independent Adviser's Report

- Over the next ten years, Arvida plans to convert a proportion of its care beds into Care Suites. This development will be subject to bed availability and is incremental to the current development pipeline. The conversion to Care Suites provides Arvida with the ability to sell an ORA to a resident, which will enable it to cover the capital costs of the conversion and retain revenue from the daily bed rates for the provision of aged care.

### 4.4 Embedded Value

Embedded value means the estimated quantum of contractually accrued DMF and other unrealised gains that would be received in cash if all of Arvida's ORAs were terminated, resold and settled at that valuation date and it is calculated by Arvida's independent valuers Jones Lang LaSalle Limited (JLL) and CBRE Limited (CBRE).<sup>25</sup> As at 31 March 2024 Arvida's portfolio has an estimated embedded value of \$1.26 billion, representing a 11% year-on-year increase. The following graph shows the increase in embedded value over the last five years.



The rate at which the embedded value can be realised in cash is determined by the rate at which units are turned over (see section 4.5 for sales history). Resident tenure is the key driver of the turnover rate. As at 31 March 2024 the average tenure applied by the valuers was 6.7 to 9.3 years for ILUs, 5.2 years for SAs and 2.7 years for Care Suites.

### 4.5 Sales History

The sale of ORAs for new units and the resale of ORAs into existing units is a key driver of financial performance. When Arvida resells an existing unit, in most cases it retains the benefit of capital appreciation and generates a resale margin. Historically the resale margin has ranged between 20% - 30%. It has increased in recent years, largely due to the embedded value of the Arena Living Holdings Limited (Arena) properties. When Arvida sells a new property, it generates a development margin (assuming the development was delivered within budget). Historically the development margin has ranged between 15% - 19%<sup>27</sup>. A summary of the historical gross sales from FY17 to FY24 is summarised in the graphs below:

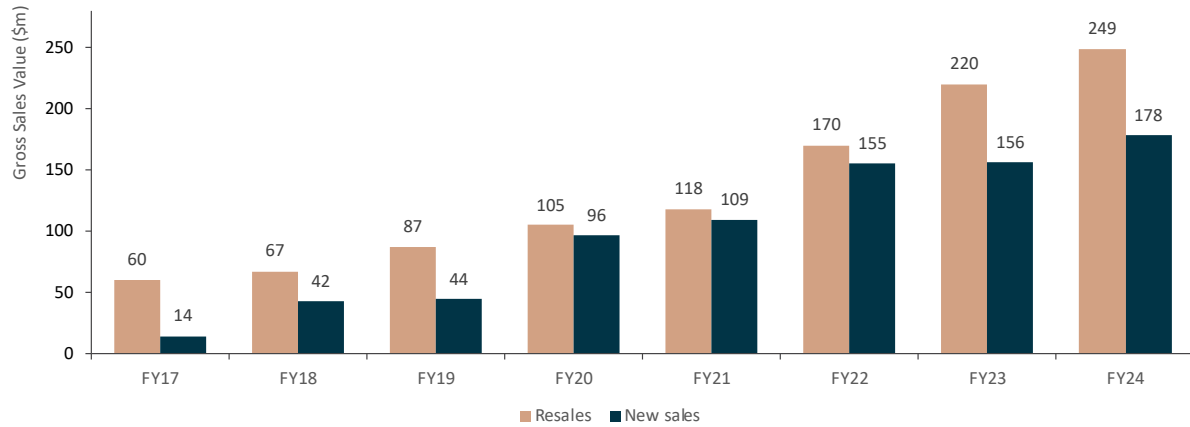
<sup>25</sup> This represents an estimate of the value that will be received as cash in the future. This reference does not, therefore, reflect the present value of future cash flows from the termination of ORAs.

<sup>26</sup> Embedded Value per unit includes Arvida's 50% interest in Village at the Park. Embedded Value per unit includes Strathallan which was sold in April 2024. At 31 March 2024 Strathallan's had an embedded value of \$18.2 million.

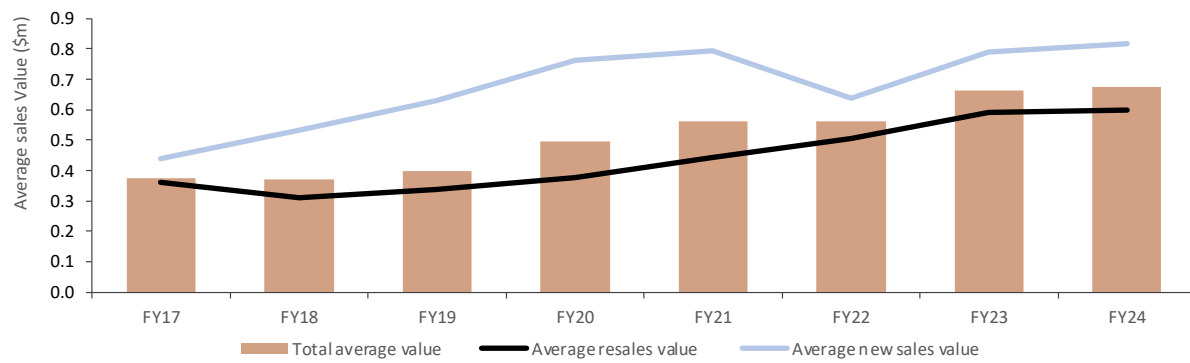
<sup>27</sup> This excludes the cost of common areas. It is based on the revenue from the sale of units less an approximation of the cost of the unit sold.



**GROSS SALE OF UNITS (\$M)**



**AVERAGE UNIT SALES (\$ MILLIONS)**



The following comments are relevant when reviewing the graphs above:

- In FY24 Arvida achieved record sales of 632 units sold with a gross value of \$427 million.
- In FY24 the average price of resales and new sales was approximately \$0.6 million and \$0.8 million respectively. The average new sales price fluctuates each year depending on the location and type of the development that has been completed. The average price (for new and resales) has increased by approximately 9% per annum in the period from FY17 to FY24. The increase in the resale prices of Arvida’s units reflects the influence of increasing residential house prices in recent years (as summarised in section 3.4).



## 4.6 Financial Performance

Arvida's historical financial performance for the years ended 31 March 2022 (FY22), 2023 (FY23), 2024 (FY24) together with budget for the year ending 31 March 2025 (FY25) is summarised below:

### FINANCIAL PERFORMANCE (\$ MILLIONS)

YEAR END 31 MARCH	ACTUAL			BUDGET
	2022	2023	2024	2025
<b>Total revenue</b>	<b>201.7</b>	<b>222.0</b>	<b>247.2</b>	<b>256.3</b>
Insurance recoveries	-	4.9	13.0	5.0
Gain on resales	43.4	69.1	73.8	79.4
Gain on new sales	25.2	27.8	27.9	23.9
<b>Underlying income</b>	<b>270.3</b>	<b>323.8</b>	<b>361.9</b>	<b>364.6</b>
Employee costs	(118.4)	(135.6)	(153.2)	(153.3)
Property costs	(22.3)	(28.0)	(33.0)	(33.8)
Other operating expenses	(40.3)	(48.5)	(52.2)	(55.6)
<b>Total expenses</b>	<b>(181.0)</b>	<b>(212.1)</b>	<b>(238.4)</b>	<b>(242.7)</b>
<b>Underlying EBITDA<sup>28</sup></b>	<b>89.3</b>	<b>111.7</b>	<b>123.5</b>	<b>121.9</b>
Depreciation	(8.4)	(8.4)	(9.1)	(8.6)
<b>Underlying EBIT</b>	<b>80.9</b>	<b>103.3</b>	<b>114.4</b>	<b>113.3</b>
Financing costs	(7.9)	(15.1)	(28.7)	(24.4)
Share of profit from Village at the Park	7.4	0.8	1.8	0.7
Impairment and one off items	(14.0)	(3.1)	(5.3)	-
Material damages insurance recoveries	-	14.1	0.8	-
Change in fair values less gain on resales and new sales	131.1	(16.0)	62.9	(84.0)
Tax	1.1	(1.5)	(6.5)	-
<b>Net profit after tax</b>	<b>198.8</b>	<b>82.5</b>	<b>139.4</b>	<b>5.6</b>
<b>STATISTICS</b>				
<i>Underlying EBITDA margin %</i>	33.0%	34.5%	34.1%	33.4%

Source: Arvida and Grant Samuel analysis

The following comments are relevant when reviewing the table above:

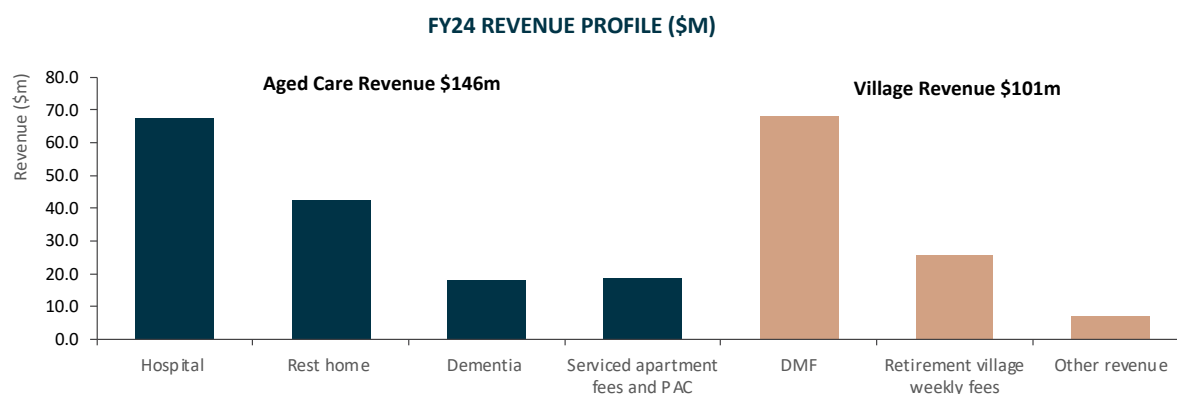
- A large proportion of Arvida's net profit after tax comes from movements in the fair value of its properties. Grant Samuel has adjusted EBITDA to include the realised gain on sale from new units and the resale of existing units to calculate underlying EBITDA. The realised gain on sale from new units and resale of existing units has been offset against the fair value movement that were reported in the period. Underlying EBITDA is a closer reflection of the financial performance of Avida as it excludes the changes in the fair value of investment properties.

<sup>28</sup> Underlying EBITDA is an unaudited financial measure that is used to measure the financial performance of the business and includes realised gains and losses on sales and excludes one off items and movements in fair values.



## REVENUE

- Arvida generates approximately 60% of its revenue from aged care services and 40% from Villages and other revenues. A profile of the revenue generated from aged care fees and Villages is summarised below:



- Villages revenue largely comprises DMF and weekly fees. A summary of the historical and forecast Village revenue is summarised below:

### VILLAGE REVENUE SUMMARY (\$ MILLIONS)

YEAR END 31 MARCH	ACTUAL			BUDGET
	2022	2023	2024	2025
Deferred management fees	48.6	62.1	68.2	
Retirement village weekly fees	18.2	24.7	25.6	
Other revenue	4.9	7.0	7.1	
<b>Village revenue</b>	<b>71.7</b>	<b>93.8</b>	<b>100.9</b>	<b>108.6</b>
<i>STATISTICS</i>				
Apartment, Villas, SAs and Care Suites (units) <sup>29</sup>	3,729	3,935	4,057	4,052
Average revenue per unit (\$000) <sup>30</sup>	23.0	24.5	25.3	26.8

Source: Arvida and Grant Samuel analysis

- DMF is recognised over the period of service being the expected period of tenure. The expected periods of tenure, are based on historical results, experience and industry averages, are estimated at 6.7 to 9.3 years for ILUs and are estimated at 2.7 to 5.2 years for Care Suites and SAs.
- Retirement village weekly fees are largely charged at a fixed flat rate for the duration of a resident's occupancy. The weekly fee covers the day-to-day maintenance and operating costs of the village. These fees, paid periodically, cover expenses such as rates, building insurance, maintenance of community amenities, staff costs and the cost of maintaining and managing the village as a whole. The flat rate means that this revenue typically only increases when new residents enter a village and grows as the number of units increase. The high levels of inflation has led to a material increase in operating costs and due to the fixed weekly fee rate there is no ability for Arvida to pass on the higher costs to existing residents. Arvida increased fees in September 2023 for new residents. The FY25 budget assumes Villages fees for new residents increase by 3% and the villages have an average 95% occupancy.

<sup>29</sup> The number of units and revenue per unit excludes Village at the Park

<sup>30</sup> Average units based on the opening and closing year ends.

## Annexure A: Independent Adviser's Report

- Other revenue includes additional services that are provided to residents (e.g. undertaking bespoke renovations or repairs).
- Revenue generated from aged care fees is largely generated from daily bed rates which are Government or privately funded. Government aged care subsidies received from HNZ amounted to \$78.6 million in FY23 and \$85.2 million in FY24 representing approximately 60% of aged care revenue. Historically the growth in aged care funding rates has been lower than the increase in the costs of providing care - which has impacted the earnings generated from care facilities. A summary of the historical and budgeted aged care revenue is summarised below:

### AGED CARE REVENUE SUMMARY (\$ MILLIONS)

YEAR END 31 MARCH	ACTUAL			BUDGET
	2022	2023	2024	2025
Rest home	36.6	37.5	42.5	
Dementia	16.6	17.1	17.8	
Hospital	57.9	54.5	67.3	
PAC	5.8	6.0	6.9	
Other	3.4	3.8	2.7	
<b>Aged care revenue</b>	<b>120.3</b>	<b>118.9</b>	<b>137.2</b>	
SA fees	9.7	9.3	9.1	
<b>Total aged care revenue</b>	<b>130.0</b>	<b>128.2</b>	<b>146.3</b>	<b>147.7</b>
<i>STATISTICS</i>				
Aged care beds <sup>31</sup>	1,469	1,469	1,466	1,453
Occupancy of aged care beds	94%	91%	93%	95% <sup>32</sup>
Average revenue per bed (\$000)	78.5	80.9	93.5	95.8

Source: Arvida and Grant Samuel analysis

- Aged care revenue increased in FY24 due to an improvement in occupancy rates and the impact of Government funding increases from September 2023.
- PACs have also increased over the last three years as Arvida has moved closer to the market with an improvement in occupancy rates.
- Due to the increases in Government funding and improvements in the occupancy rates outlined above, EBITDA generated from the three standalone care sites with a total of 350 beds improved from ~\$4,100 per bed in FY23 to ~\$12,700 per bed in FY24.
- Under the majority of its contracts Arvida is entitled to retain 100% of any capital gain on its investment properties. In FY24 Arvida generated approximately \$73.8 million from the resale of units.
- The gain on new sales relates to the realised development margin on the cash settlement of the first sale of new ORA units following the development or conversion to an ORA unit.
- As at 31 March 2024 applications to acquire an ORA were up almost 20% on the prior year highlighting continued demand for Arvida's units. The FY25 budget assumes 613 unit sales with a gross value of approximately \$450 million.
- In early 2023 the Auckland floods led to the Parklane retirement community being damaged and 49 residents displaced from their homes. Included in the FY23 and FY24 financial performance is management's estimate of the insurance proceeds that will be received from Arvida's business

<sup>31</sup> The number of beds and revenue per bed excludes Village at the Park

<sup>32</sup> Excluding villages which are experiencing occupancy challenges





interruption policy. Insurance proceeds related to material damage have been excluded from underlying EBITDA.

#### OPERATING COSTS

- Between FY22 and FY24 employment costs increased by approximately \$35 million. In FY23 employee costs increased due to the impact of the Arena acquisition in FY22, higher nurse pay and legislated increases to caregiver pay, and an increase in the number of employees. In FY24 employee costs increased by an additional \$17.6 million largely due to Government mandated increases for nurses and minimum wages and wage cost inflation. Arvida's FY25 budget assumes continued wage inflation and increased nurse wages. These cost increases are partially offset through cost savings from a range of initiatives including the implementation of care workforce planning to reduce rostered care hours to levels similar to pre-Covid. In total, operating efficiency initiatives that are being implemented are expected to achieve \$10 million of annualised cost out benefits, some of which will be achieved in FY25
- Property expenses relate to costs associated with running a retirement village such as rates, insurance, repairs and maintenance. Property expenses increased in FY24 due to an increase in rates and insurance and an increase in maintenance costs due to inflation. Arvida is anticipating further increases in insurance costs in FY25 and continued inflationary impacts.
- Other expenses include corporate costs including governance costs, head office support functions and management, IT services, travel and advertising and marketing. Other expenses increased in FY24 primarily due to an additional \$1.2 million investment in marketing to support brand growth and sales performance and cost increases across operating items (such as food and general supplies).

#### OTHER

- Strathallan was sold on 30 April 2024 for \$30 million. The transaction was completed at a 3% discount to the 31 March 2024 valuation. In FY24, Strathallan contributed \$0.8m EBITDA and \$2.3m of resale gains. The FY25 budget does not include any revenue or costs related to Strathallan.
- Finance costs have increased due to the increase in interest rates and net debt.
- Arvida has a 50% interest in the Village at the Park.
- One off items primarily relate to:
  - in FY24 employee costs include a \$2.8 million provision relating to holiday pay remediation. This has been treated as a one off expense and excluded from Underlying EBITDA;
  - transaction costs related to the acquisition of villages; and
  - goodwill impairment resulting from the revaluation of acquired villages.

## 4.7 Financial Position

Arvida's financial position as at 31 March 2023 and 2024 is summarised below:

FINANCIAL POSITION (\$ MILLIONS)		
AS AT 31 MARCH	2023	2024
Investment properties	3,427.0	3,821.8
Property, plant and equipment	202.3	189.9
Investment in joint venture	37.3	37.9
Strathallan (Asset held for sale)	-	30.2
Receivables and other assets	24.2	18.7
Intangible assets	18.9	16.7
Insurance recoveries receivable	12.7	13.3
<b>Total assets</b>	<b>3,722.3</b>	<b>4,128.5</b>
Residents' loans	(1,538.3)	(1,653.7)
Revenue in advance	(125.2)	(136.3)
Trade and other liabilities	(34.5)	(32.1)
Lease liability	(7.1)	(5.8)
<b>Total net operating assets</b>	<b>2,017.4</b>	<b>2,300.6</b>
Debt facilities	(622.8)	(780.3)
Interest rate swaps	(10.5)	(11.0)
Cash and cash equivalents	9.9	4.7
<b>Net debt</b>	<b>(623.4)</b>	<b>(786.6)</b>
<b>Net assets</b>	<b>1,394.0</b>	<b>1,514.0</b>
<b>STATISTICS</b>		
Shares on issue at period end (million)	723.6	731.0
Gearing <sup>33</sup>	30.5%	33.9%
NTA <sup>34</sup> per share	\$1.90	\$2.05

Source: Arvida and Grant Samuel analysis

The following comments are relevant when reviewing the table above:

- Net tangible asset (NTA) per share increased from \$1.90 to \$2.05 over the 12 month period to 31 March 2024. This was largely due to an increase in the assessed fair value of investment properties which included \$62 million of fair value gains at Bethlehem Shores and Queenstown Country Club.
- Property, plant and equipment primarily relates to the valuation of freehold land and buildings of the Care facilities. As at 31 March 2024, Arvida had approximately \$24 million of plant and equipment (i.e. motor vehicles, chattels etc).

<sup>33</sup> Calculated as a ratio of net interest bearing debt to net interest bearing debt plus the book value of total equity

<sup>34</sup> NTA is net tangible assets, which is calculated as net assets less intangible assets less deferred tax assets.



- A summary of investment property values is outlined below:

#### INVESTMENT PROPERTIES (\$ MILLIONS)

AS AT 31 MARCH	2023	2024
<b>Total investment property</b>	<b>3,427.0</b>	<b>3,821.8</b>
Development land	(119.4)	(151.9)
Investment property under construction	(168.7)	(186.8)
<b>Value of completed investment property</b>	<b>3,138.8</b>	<b>3,483.1</b>
Net revenue in advance / (accrued income)	(119.8)	(130.8)
Liability for residents' loans	(1,538.3)	(1,653.8)
<b>Valuation of Arvida's net interest</b>	<b>1,480.7</b>	<b>1,698.5</b>

- Investment properties includes land and buildings and associated equipment and furnishings related to ILUs, SAs, Care Suites and common facilities in the retirement village. Investment property is initially recognised at cost and subsequently measured at fair value by Independent Valuers CBRE and JLL (see Appendix C for summary of the valuers methodology). All units that are contracted with an ORA are classified as investment property. This excludes Care facilities which are classified as property, plant and equipment.
  - Investment properties under construction (or work in progress (**WIP**)) are measured at cost.
  - Investment properties include land acquired with the intention of constructing a retirement village.
  - Revenue in advance primarily relates to where the amortisation of DMFs over the contractual period of the ORA exceeds the amortisation of the DMF based on estimated tenure.
- Arvida's Board and management have placed considerable focus over the last 12 months to preserve the headroom in Arvida's capital structure. A summary of the debt facilities is summarised below:

#### DEBT FACILITIES AS AT 31 MARCH 2024 (\$ MILLIONS)

FACILITY	FACILITY SIZE	AMOUNT DRAWN	MATURITY
Core Facility C	100.0	95.0	Sep-25
Core Facility A	135.0	135.0	Sep-26
Development Facility A	270.0	270.0	Sep-26
Core Facility B	90.0	67.4	Sep-27
Development Facility B	180.0	90.0	Sep-27
<b>Secured bank loans</b>	<b>775.0</b>	<b>657.4</b>	
Retail Bond - ARV010		125.0	Feb-28
Capitalised financing costs		(2.1)	
<b>Debt facilities</b>		<b>780.3</b>	

Source: Arvida

- Arvida has \$775.0 million of bank facilities. As at 31 March 2024 \$657.4 million was drawn leaving \$117.6 million of headroom available.
- On 22 February 2021, Arvida issued a 7-year guaranteed, secured, unsubordinated, fixed rate bond of \$125.0 million. The bond is listed on the NZX Debt Market and has a maturity date in February 2028. The bond interest rate is 2.87% per annum.
- Interest costs are capitalised if it directly relates to development WIP. Capitalisation commences when the activities to prepare the development works commence and continue until the asset is substantially ready for its intended use.

## Annexure A: Independent Adviser's Report

- As at 31 March 2024 Arvida's Gearing<sup>35</sup> ratio was 33.9%. This is within its target range of 25-35% but it has increased from 30.5% over the 12 month period due to lower sales activity and operating cash losses incurred in the first half of FY24. To increase its capital structure headroom, core debt reduction initiatives totalling \$200 million have been identified. Initiatives include the sale of surplus development land from existing greenfield sites, reduction of stock held for sale, suspension of dividends and pursuing the insurance claim for losses sustained from the Auckland floods.

### 4.8 Cash Flow

Arvida's cash flows from FY22 to FY24 is summarised below:

#### CASH FLOW (\$ MILLIONS)

YEAR END 31 MARCH	2022	2023	2024
Receipts care fees and village services	143.5	160.8	183.2
Residents' loans from resales	158.7	186.2	199.1
Residents' loans from new sales	129.2	125.2	127.9
Repayment of residents' loans	(98.7)	(106.7)	(109.6)
Payments to suppliers and employees	(173.4)	(203.2)	(235.5)
Net financing costs	(7.8)	(14.6)	(24.7)
Other (including insurance and finance lease payments)	(1.2)	(0.3)	2.8
<b>Net cash inflow from operating activities</b>	<b>150.3</b>	<b>147.4</b>	<b>143.3</b>
Insurance recoveries received	-	5.8	9.2
Capital expenditure	(10.3)	(9.5)	(5.0)
Investment in investment properties	(191.8)	(264.1)	(274.5)
Capitalised interest paid	(5.3)	(13.6)	(24.2)
Dividend received	1.1	0.9	1.2
<b>Net cash flow from investing activities</b>	<b>(206.3)</b>	<b>(280.5)</b>	<b>(293.3)</b>
<b>Net cash flow before financing activities</b>	<b>(56.0)</b>	<b>(133.1)</b>	<b>(150.1)</b>
Acquisition and sale of assets (inc Transaction costs)	(339.8)	(0.2)	5.2
Net proceeds from borrowings	87.5	170.0	157.4
Proceeds from share issue	330.4	-	-
Dividends paid	(20.3)	(34.9)	(17.8)
<b>Other cash inflows</b>	<b>57.8</b>	<b>134.8</b>	<b>144.8</b>
<b>Net cash flow</b>	<b>1.8</b>	<b>1.7</b>	<b>(5.3)</b>

Source: Arvida and Grant Samuel analysis

The following comments are relevant when reviewing the table above:

- Net proceeds from the acquisition and sale of assets primarily relates to the acquisition of Arena in FY22. To fund the acquisition Arvida raised \$175 million via a rights issue and \$155 million via a placement.
- Over the last three years Arvida spent approximately \$330 million more than it generated from its operations and sale of investment properties. This deficit was primarily funded by borrowings.
- Arvida's net cash flow before financing activities in FY23 and FY24 was impacted by:
  - inflation impacts on operating costs not being fully offset by village fee and daily bed rate increases;

<sup>35</sup> Calculated as a ratio of net interest bearing debt to net interest bearing debt plus the book value of total equity



- escalation of construction costs which has led to an overall loss on development when including the full cost of village construction (i.e. club houses and recreational facilities);
  - a slow property market, impacting residents' ability to settle. As at 31 March 2024 Arvida had \$49 million of deferred sales receipts; and
  - delay in the settlement of business interruption insurance claim.
- Arvida has invested, on average, approximately \$8.0 million p.a. on property, plant and equipment.
  - In May 2024 Arvida suspended its dividends and did not declare a final dividend in respect of FY24.

#### 4.9 Capital Structure and Ownership

As at 15 August 2024 Arvida had 730,985,104 shares on issue and there were over 6,700 registered shareholders. Arvida's shares are widely held with the top five shareholders only representing approximately 30% of the ordinary shares on issue:

##### SUBSTANTIAL SHAREHOLDERS AS AT 15 AUGUST 2024

	NUMBER OF SHARES (000)	PERCENTAGE
Milford Asset Management	65,686	9.0%
ACC	44,008	6.0%
Generate	38,663	5.3%
UBS Group AG and related parties	37,182	5.1%
Forsyth Barr Investment Management	35,407	4.8%
<b>Substantial shareholders</b>	<b>220,947</b>	<b>30.2%</b>
Other shareholders	510,039	69.8%
<b>Total</b>	<b>730,985</b>	<b>100.0%</b>

Source: NZX Company Research, Substantial Product Holder notices.

Arvida has a long term incentive plan (LTI) that makes payments through the issue of performance shares designed to reward executive team members with the enhancement of shareholder value over a three year period. A performance share right, if it vests, entitles the holder to receive one Arvida share at no cost. The recipient is liable to pay the income tax on any such benefit received. Under the SIA, the LTI shares will be issued based on the time-period of the LTI share right tranche that has passed (on an assumed settlement/vesting date of 1 December 2024<sup>36</sup>). For example if a LTI share right was issued in June 2023, approximately half of the shares will be issued. The performance hurdles associated with each tranche of LTI shares will not be applied. The total shares on issue as at 15 August 2024, including the LTI performance shares issued under the SIA is summarised below:

##### TOTAL SHARES ON ISSUE AS AT 15 AUGUST 2024

	NUMBER (000)
Ordinary shares on issue	730,985
LTI Performance shares issued assuming a 1 December 2024 vesting date	1,124
<b>Total shares on issue</b>	<b>732,109</b>

Source: Arvida

<sup>36</sup> This date will change based on the final transaction date.



## 4.10 Recent Capital and Acquisition Milestones

Since 2015 Arvida has raised over \$650 million to fund several material acquisitions. A summary of the major capital raising events is outlined below:

### MAJOR CAPITAL RAISING EVENTS

<b>2015</b>	<ul style="list-style-type: none"> <li>Arvida expanded into Auckland by acquiring Aria Villages for approximately \$62 million. To fund the acquisition Arvida raised \$30 million via an underwritten placement and \$5 million from existing shareholders and issued \$6 million of shares to Aria Villages vendors.</li> </ul>
<b>2016</b>	<ul style="list-style-type: none"> <li>Arvida expanded into Tauranga and Cambridge by acquiring three villages for approximately \$66 million. To fund the acquisition Arvida raised \$42 million via a rights issue and it also issued \$18.5 million of shares to the vendors. The balance was debt funded.</li> </ul>
<b>2017</b>	<ul style="list-style-type: none"> <li>Arvida acquired Mary Doyle Lifecare (Havelock North), Strathallan Lifecare (Timaru) and 50% of Village at the Park Lifecare (Wellington) for \$106 million. To fund the acquisition Arvida raised \$77 million via a rights issue and it also issued \$16 million of shares to the vendors. The balance was debt funded.</li> </ul>
<b>2019</b>	<ul style="list-style-type: none"> <li>Arvida acquired Bethlehem Country Club and Bethlehem Shores in Tauranga and Queenstown Country Club for approximately \$180 million. To fund the acquisition Arvida raised \$92 million via a rights issue, \$50 million via a placement and it also issued \$10 million of shares to the vendors. The balance was debt funded.</li> </ul>
<b>2021</b>	<ul style="list-style-type: none"> <li>Arvida acquired the Arena portfolio of six villages for approximately \$345 million<sup>37</sup>. To fund the acquisition Arvida raised \$175 million via a rights issue and \$155 million via a placement. The balance was debt funded.</li> </ul>

## 4.11 Share Price Performance

### 4.11.1 Liquidity

The following table shows the price ranges, VWAPs and the volume of Arvida's shares traded on the NZX prior to 19 July 2024<sup>38</sup>:

### SHARE PRICE HISTORY TO 19 JULY 2024

TIME PERIOD	LOW (\$)	HIGH (\$)	VWAP(\$)	VOLUME (000)
30 trading days	\$0.88	\$1.04	\$0.94	15,203
90 trading days	\$0.88	\$1.18	\$1.00	39,929
12 months	\$0.88	\$1.28	\$1.09	120,840

Source: NZX Research

In the 12 months to 19 July 2024, approximately 120.8 million Arvida shares were traded, representing approximately 17% of the shares on issue.

<sup>37</sup> Excludes estimated transaction costs of \$8m and estimated work in progress adjustments of \$10m.

<sup>38</sup> 19 July 2024 is the last day of trading prior to the announcement of the Scheme.



**4.11.2 Share Price Performance**

The share price and trading volume history of Arvida shares is depicted graphically below:

**SHARE PRICE AND VOLUME OVER THE LAST THREE YEARS TO 19 JULY 2024**



Arvida’s share price against the NZX50 index is shown in the graph below:

**ARVIDA SHARE PRICE PERFORMANCE VERSUS NZX50 OVER THE LAST THREE YEARS TO 19 JULY 2024**



The following comments are relevant when reviewing the graphs above:

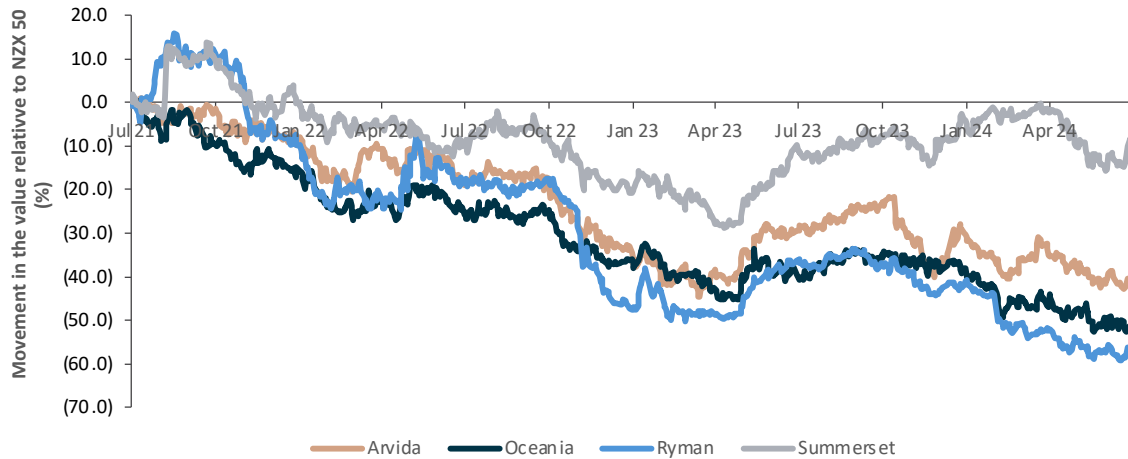
- In December 2023 it was announced that an offshore infrastructure fund approached Arvida in September 2023 on a confidential basis with a highly conditional unsolicited non-binding proposal for the acquisition of all of its shares at \$1.70 per share.
- In March 2023 Arvida was removed from the MSCI index which resulted in a significant temporary increase in volume of shares traded.
- Arvida’s share price has declined by approximately 50.0% over the last three years and it has underperformed the NZX50 index by approximately 39%. Arvida’s share price performance is consistent



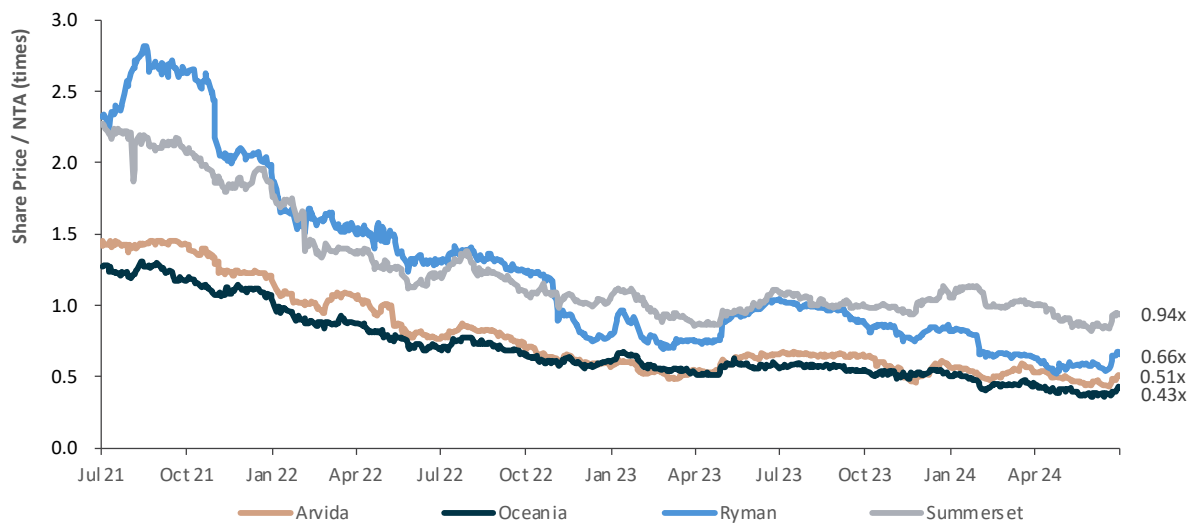
## Annexure A: Independent Adviser's Report

with comparable listed retirement villages in New Zealand which are all significantly underperforming relative to the NZX 50 Index and up to 19 July 2024 were trading at a discount to NTA<sup>39</sup>.

### SHARE PRICE PERFORMANCE OF LISTED RETIREMENT VILLAGE OPERATORS VERSUS NZX50 OVER THE LAST THREE YEARS TO 19 JULY 2024



### SHARE PRICE / NTA PERFORMANCE OVER THE LAST THREE YEARS TO 19 JULY 2024



- Arvida is covered by five broker analysts. Based on the most recent broker coverage (prior to the announcement of the Scheme) the 12 month price targets ranged from \$1.16 to \$1.68, with an average of \$1.38. The average price target was materially above the share price the day before the announcement of the Scheme which suggests that Arvida was undervalued by the market.

<sup>39</sup> The majority of NTA relates to the independent valuations which do not include corporate costs. As at 15 August 2024 Summerset is trading at a premium to NTA.





## 5 Valuation of Arvida

### 5.1 Methodology

#### 5.1.1 Overview

Grant Samuel's valuation of Arvida has been assessed on the basis of fair market value as a going concern, defined as the estimated price that could be realised in an open market over a reasonable period of time assuming that potential buyers have full information.

The most reliable evidence as to the value of a business is the price at which the business or a comparable business has been bought and sold in an arm's length transaction. In the absence of direct market evidence of value, estimates of value are made using methodologies that infer value from other available evidence. There are four primary valuation methodologies commonly used for valuing businesses:

- capitalisation of earnings or cash flows;
- discounting of projected cash flows (**DCF**);
- industry rules of thumb; and
- estimation of the aggregate proceeds from an orderly realisation of assets.

Each of these valuation methodologies has application in different circumstances. The primary criterion for determining which methodology is appropriate is the actual practice adopted by purchasers of the type of business involved. A detailed description of each of these methodologies is outlined at Appendix D.

#### 5.1.2 Preferred approach

Grant Samuel has used DCF analysis as its primary methodology to determine a value range for Arvida because this approach allows the valuer to explicitly model Arvida's development plans, changing occupancy levels at villages, growth in property sales prices and duration of ORAs as well as undertake sensitivity analysis of the key assumptions used in the financial projections.

The DCF methodology is commonly used to value retirement villages due to the timing difference between earnings recognised for financial reporting purposes and the actual cash flows generated from the property development activities and the sale of ORAs.

Capitalisation multiples implied by the DCF valuation range have then been compared with market evidence. When assessing capitalisation multiples Grant Samuel has adopted underlying EBITDA and EBIT as this non-IFRS measure is both a better indicator of Arvida's maintainable earnings and more comparable with the financial performance of other retirement village operators.

Grant Samuel has also compared its valuation range to the reported NTA per share<sup>40</sup>. Arvida's reported NTA per share includes the aggregate of independently assessed values for each of its retirement villages (including aged care facilities), including development land assets and unsold stock valued by external property valuers. The property valuations were prepared by CBRE and JLL for the dual purpose of financial reporting and mortgage security lending.<sup>41</sup>

<sup>40</sup> The majority of NTA relates to the independent valuations which does not include the corporate costs required to operate the portfolio of retirement villages and aged care facilities.

<sup>41</sup> The valuation of investment properties for financial reporting purposes requires the valuer to determine the "Fair Value of the assets" in accordance with NZ IFRS 13. It is generally accepted that "Fair Value" as defined under NZ IFRS 13 means the same as "Market Value" as defined by International Valuation Standards.



### 5.1.3 Valuation summary

Grant Samuel has valued Arvida in the range of \$1.20 billion to \$1.42 billion, which corresponds to a value of \$1.63 - \$1.94 per share. The valuation is summarised below:

**ARVIDA - VALUATION SUMMARY (\$ MILLIONS)**

	VALUE RANGE	
	LOW	HIGH
<b>Enterprise value</b>	<b>1,850</b>	<b>2,050</b>
Net borrowings at 31 March 2024	(770)	(770)
Other assets & liabilities	115	140
<b>Value of equity</b>	<b>1,195</b>	<b>1,420</b>
Fully diluted shares on issue (millions) including LTI performance shares	732	732
<b>Value per share</b>	<b>\$1.63</b>	<b>\$1.94</b>

The valuation of Arvida is appropriate for the acquisition of the company as a whole and accordingly incorporates a premium for control. The value is higher than the price at which, under current market conditions, shares in Arvida could be expected to trade on the share market. Shares in a listed company normally trade at a discount to the underlying value of the whole company. The extent of the discount (if any) depends on the specific circumstances of each company.

The valuation reflects the strengths and weaknesses of Arvida and takes into account the following factors:

- The strong demand for retirement village and aged care accommodation in New Zealand is expected to be sustained over the next 15 years due to New Zealand's progressively ageing population. As summarised in section 3.5 the planned development pipeline through to 2033 for operators in the wider sector is unlikely to meet the increase in market demand for units. This projected constrained supply will likely support retirement village and aged care property price increases over the long term.
- Arvida is New Zealand's fourth largest retirement village and aged care operator and is considered well positioned to take advantage of the expected demand for retirement village and aged care accommodation. However, in the medium term, its rate of development is being limited by current adverse market conditions (low property liquidity and high building costs) and its capital structure. The company is focused on reducing core debt by approximately \$200 million. Over the next five years Arvida plans to invest over \$0.8 billion in development at a rate of approximately 210 units per annum. The cash flow return on this investment takes time to be realised. Once a development matures and resales of units commence, villages typically generate strong and consistent operating cash flows from resales.
- Since its IPO in 2014, Arvida has evolved from being the owner of a portfolio of regional retirement villages with a high proportion of aged care in the portfolio to a becoming a nationwide operator with a portfolio weighted towards ILUs. Acquisitions of Aria Villages, Bethlehem Country Club, Bethlehem Shores, Queenstown Country Club and the six Arena villages have been instrumental in this expansion and change in the portfolio. In 2018 Arvida acquired its first bare land development holdings in Kerikeri and Richmond. Kerikeri and Richmond developments are now well advanced and Te Awamutu opened in October 2023. The forward looking development pipeline is weighted towards greenfield developments and includes the development of three new greenfield sites at Warkworth, Waikanae Beach and Lincoln. Arvida has evolved into a new village developer with a focus on villas and Care Suites. Arvida's aged care focus is progressively moving to new care suite facilities that are part of an integrated village environment and conversion of traditional care beds to Care Suites where it make commercial sense. Arvida has developed approximately 1,100 accommodation units over the last five years and it has an existing landbank across its portfolio with the capacity to build over 1,800 units. Grant Samuel's valuation reflects the current development pipeline.



- Construction and property development can be challenging and is inherently risky. The risks include:
  - unexpected cost increases, quality issues and delays in the completion of developments; and
  - changing market conditions or sentiment affecting property prices and resident demand.
- The age of Arvida’s investment portfolio ranges from brand new facilities to villages that are over 35 years old. Arvida has long term plans to progressively refurbish and remodel the older villages to ensure they remain competitive and continue to attract new residents.
- Arvida's financial performance is impacted by the New Zealand property market. From 2014 to the middle of 2022 Arvida enjoyed a significant increase in the prices of its investment property portfolio, reflecting the underlying buoyancy of the New Zealand residential property market. Conversely, when residential property prices are declining and liquidity is reduced, the ability for prospective Arvida residents to sell their family home at the desired price and within a reasonable timeframe is often adversely affected. This dynamic can result in reduced demand for retirement villas and apartments, and it can manifest itself in a reduction in the ORA price and increases the time to complete sales. New Zealand’s property market has deteriorated over the last 12 months, particularly in some regions of New Zealand. This situation is unlikely to improve until there is a clear indication that interest rates will decline. The timing of any recovery remains uncertain, with some market commentators projecting that interest rates may remain at elevated levels into 2025 to ensure the inflation rate falls below 3%<sup>42</sup>. Despite the illiquidity in the housing market and falls in residential property prices Arvida has continued to increase its unit pricing and in FY24 it had a record year for sale settlements.
- Arvida’s retirement villages are located across New Zealand. Like all property investments there is an exposure to environmental risks such as earthquakes and severe weather events. Arvida had properties damaged in the Christchurch earthquakes in 2010 and in the Auckland flooding which occurred in January 2023. In such circumstances Arvida is highly likely to incur incremental costs to reinstate assets to full operating capacity and, in some situations, it will take the opportunity to make improvements. Arvida has a full and comprehensive insurance program for both material damage and business interruption which should insulate the business from material losses. Insurance costs have increased substantially and are a material cost of doing business.
- Arvida’s financial performance has been adversely impacted by recent high inflation increasing the costs to provide services under the fixed weekly fee structure in its historical and current ORA agreements. Arvida is considering a new weekly fee structure to provide additional inflationary protections for significant cost escalations. However, a new fee structure cannot be applied to existing ORAs. It will take time for any new fee structures to have an impact on the financial performance of Arvida.
- The Government is undertaking a review of the Retirement Villages Act 2003, and its associated regulations and codes. Arvida’s new ORA agreements already address most of the concerns that the potential changes to the Act are looking to address. If changes to the Act are adopted, a transition period will most likely apply, allowing the retirement village sector time to adjust.
- Occupancy levels are one of the key drivers of the financial performance for aged care facilities. There is a shortage of aged care beds in New Zealand, which has underpinned consistently high average occupancy rates. This is expected to continue as New Zealand’s ageing population will drive sustained growth in demand for beds (as summarised in section 3.5).
- Arvida generates over \$145 million per annum in revenue from the provision of aged care services. Assuming occupancy remains high, these services generate recurring cash flows for Arvida subject to an alignment between HNZ funding and cost inflation.

<sup>42</sup> Interest.co.nz 10 July 2024 - Economists say interest rates could be cut as soon as August after the Reserve Bank performs ‘dovish pivot’ at July meeting



## Annexure A: Independent Adviser's Report

- Arvida receives substantial revenue from HNZ for the provision of aged care services.<sup>43</sup> Government health care policies can have an impact on Arvida's operating cash flow. In recent years the increases in funding provided by HNZ has not been sufficient to offset the impact of operating cost inflation and wage increases. HNZ is undertaking a review of aged care services and funding models, including home and community-based care as well as residential aged care. It is widely observed that the aged care sector has been underfunded. The Government funding of aged care services and/or the contribution from the private sector will have to increase over time to ensure aged care providers can generate an adequate return on capital.
- Arvida has over 2,900 employees, with a large proportion of its staff employed in Arvida's aged care facilities. Over the past four years Arvida's operations have been impacted by workforce shortages due to several factors including the impact of migration policies and regulatory requirements of New Zealand's response to COVID-19 and the constrained funding of the sector generally. Today, Arvida's workplace shortages are largely limited to experienced nurses in some regional areas. As the business continues to grow there is the possibility that the Company will continue to face ongoing issues with sourcing experienced nurses in some regions.
- Arvida is commencing aged care suite conversion at Park Lane in Christchurch and The Wood in Nelson as beds become progressively available. Arvida will initially benefit from the development margin that is achieved from the sale of the ORAs (i.e. the difference between the ORA price and costs to convert the beds to suites). It will also retain the benefit of any future capital gain when the Care Suite ORA is resold. Care Suite conversion is a growth opportunity for Arvida as it improves the economics associated with the operation of aged care facilities.
- The number of shares on issue used for valuation is based on the total shares on issue as at 30 June 2024, including the LTI performance shares to be issued under the SIA as summarised in section 4.9.
- Valuation practice allows for the recognition of cost savings (and other synergies) that would theoretically be achievable across multiple acquirers, but equally excluding synergies unique to a particular buyer. An acquirer of Arvida would be able to achieve savings in overheads relating to the costs of operating as a public listed entity. Grant Samuel has excluded the estimated costs associated with Arvida's NZX listing including a proportion of Directors fees, licences and registrations, NZX fees, investor relations and communication costs.

### 5.1.4 Net debt for valuation purposes

Grant Samuel has adopted net debt on 31 March 2024 for valuation purposes as summarised below:

#### ARVIDA – NET DEBT FOR VALUATION PURPOSES (\$ MILLIONS)

AS AT	31 MARCH 2024
Bank borrowings	657
Retail bond	107
Interest rate swaps	11
Cash on hand	(5)
<b>Net debt for valuation purposes</b>	<b>770</b>

<sup>43</sup> Approximately 60% of Arvida's aged care revenue in FY24 was funded by HNZ.



The following comments are relevant when reviewing the table above:

- The reported net debt at the balance date of 31 March 2024 was adopted in conjunction with the DCF approach, which incorporated the cash flows for Arvida's retirement villages operation from 1 April 2024;
- Arvida has \$775 million secured bank funding facilities, split between \$325 million of core bank borrowings and \$350 million of development funding. Approximately \$657 million of these facilities were drawn as at 31 March 2024;
- Arvida issued a 7-year guaranteed, secured, unsubordinated fixed rate bond of \$125 million in February 2021, which is listed on the NZX debt market and is currently trading at \$0.89 or a yield of 7.2% p.a.<sup>44</sup> The bond matures in February 2028 and has a coupon of 2.87% p.a. Grant Samuel has marked the bond to market; and
- Grant Samuel has adopted the book value of interest rate swaps for valuation purposes. Arvida measures these derivative contracts at fair value at balance date based on market observable inputs.

### 5.1.5 Other Assets and Liabilities

The table below provides a breakdown of the value ascribed to other assets and liabilities included in the valuation of Arvida:

**ARVIDA – BREAKDOWN OF OTHER ASSETS & LIABILITIES (\$ MILLIONS)**

	LOW	HIGH
Proceeds from the sale of Strathallan	29	29
Investment in the Village at the Park	33	42
Other receivables	61	82
Excess holiday leave provision	(3)	(3)
<b>Other assets &amp; liabilities</b>	<b>120</b>	<b>150</b>

The following comments are relevant when reviewing the table above:

- Proceeds from the sale of Strathallan Village, which were received on 1 May 2024<sup>45</sup>;
- While the Village at the Park in Wellington is being managed by Arvida, its operating cash flows were not included in the cash flow projections that management provided Grant Samuel in order to undertake its DCF valuation. Grant Samuel has treated Arvida's 50% investment in its Village at the Park joint venture as a surplus asset and adopted 75% - 95% of CBRE's valuation for this village (inclusive of the aged care facility) as the basis for measuring the market value of this investment. The discount to the externally assessed market value reflects the fact that Arvida does not own 100% of the village operator; and
- Other receivables include an estimate of the expected future proceeds from the sale of two retirement villages, surplus development land at Warkworth and Arvida's insurance claim for business interruption due to flooding at its Parklane village in Auckland in January 2023.

<sup>44</sup> As at 2 April 2024

<sup>45</sup> Strathallan Village was sold for \$30 million, \$1 million of which was received in FY24.



### 5.2 DCF Analysis and Assumptions

A DCF valuation involves calculating the NPV of expected future cash flows. The cash flows are discounted using a discount rate that reflects the time value of money and the risks associated with the cash flow stream.

It should be noted that any projections contained in any forward-looking model are inherently uncertain. For Arvida this uncertainty is exacerbated by a number of factors including:

- uncertainty on the timing of the property market recovery in New Zealand;
- uncertainty on the timing of the resale of ORAs; and
- various key variables assumed in the model may change materially over time. These include variables such as property price increases, construction costs, inflation, wage costs and daily bed rates.

Grant Samuel's DCF analysis is based on a DCF model developed by Grant Samuel. There is an explicit 15 year forecast period from 1 April 2024 to 31 March 2039. A terminal value (representing cash flows beyond the forecast period) is calculated as at 31 March 2039. A weighted average cost of capital (**WACC**) is applied to ungeared, nominal after tax cash flows.

#### 5.2.1 Model Overview

Arvida management provided Grant Samuel with a financial model (the **Financial Model**) that contained the projected financial performance and operating cash flows for each village (including its known pipeline of greenfield developments but excluding any future land acquisitions) for the ten-year period ending 31 March 2034. The Financial Model also contained projected village development cash flows for incomplete village developments as at 31 March 2034 through to the projected sale of the ORA for the last of newly built units under the planned development programme, which is expected to occur in FY37.

The near final stages of Arvida's greenfield developments typically involve building aged care facilities. In some villages the aged care facility is not expected to be fully operational before 31 March 2034. It is anticipated that not all of the newly built apartments and Care Suites will have been sold by 31 March 2034. As a consequence, the Financial Model provided contains projected cash flows for FY34 that are materially lower than the mature cash flows that Arvida is expected to derive from its portfolio of villages once all developments are complete.

Arvida management provided Grant Samuel with guidance on the expected further operational changes that might be expected to occur post March 2034, as management complete the planned build programme. This additional information enabled Grant Samuel to extend the Financial Model to provide projected financial performance and operating cash flows through to 31 March 2039. This ensured that the cash flows in the terminal year were not adversely impacted by development capital expenditure in progress in 2036 and that it reflected a sustainable level of earnings.

#### 5.2.2 Discount Rate and Terminal Growth

Grant Samuel has calculated a WACC using the Capital Asset Pricing Model (**CAPM**) and referencing comparable benchmarks to estimate a cost of equity for Arvida. CAPM is probably the most widely accepted and used methodology for determining the cost of equity capital. While the theory underlying CAPM is logical, the practical application is subject to substantial shortcomings and limitations. Results from the CAPM should only be regarded as a general guide.

Based on Grant Samuel's analysis it has applied a WACC of between 9.5% - 10.0% to discount Arvida's forecast post-tax cash flows. As part of determining a WACC to apply Grant Samuel has referenced comparable benchmarks to estimate a cost of equity for Arvida. Grant Samuel has used a terminal growth rate of 2.5% which is consistent with New Zealand's average GDP growth over the last 20 years and it is broadly aligned with the revenue and cost assumptions used in the Financial Model.

### 5.2.3 Tax

As at 31 March 2024 Arvida had tax losses of approximately \$85 million. Grant Samuel has assumed that Arvida's corporate structure will remain unchanged and Arvida will continue to operate in a manner that satisfies New Zealand IRD's business continuity tests if the Scheme is approved.

To capture the value of the tax losses Grant Samuel has reflected the utilisation of the tax losses in the DCF analysis. Grant Samuel has undertaken a DCF analysis on ungeared cash flow and excluded the tax shield provided by Arvida's capital structure. Based on the Financial Model, when excluding the tax shield provided by interest expense, Arvida will start to utilise the tax losses in FY27 and tax payments will be made from FY36 onwards. Grant Samuel has assumed a corporate tax rate of 28%.

### 5.2.4 Other Key Assumptions

A brief description of the other key assumptions supporting management's financial projections is set out below:

- Village, aged care and other revenues are aligned with the FY25 budget and are then assumed to be inflated by 2% p.a.<sup>46</sup>;
- Wages and other costs are aligned with the FY25 budget and are then assumed to be inflated by 2% p.a.;
- The Financial Model reflects Arvida's current development plan over the next five years as summarised in section 4.3, which assumes a development rate of approximately 210 units per annum. The Financial Model also assumes the build rate will continue for the ten years ending 31 March 2036, reflecting the completion of the development of greenfield sites Warkworth, Waikanae Beach and Lincoln, the addition of a new development where the land is currently under a conditional sale and purchase contract and the conversion of another 200 care beds to Care Suites. For valuation purposes Grant Samuel has assumed that the conversion of additional care beds at as yet to be identified villages and the development of the site under a conditional contract is value neutral;
- Development costs in FY25 are aligned with the budget. Forecast development costs from FY26 are inflated by 3.5% p.a. Development costs impact the development and resales margin (via the refurbishment costs). In July 2024 market commentators observed that construction costs had declined<sup>47</sup>. Grant Samuel has not changed the long term development costs inflation assumption to reflect the recent decline in construction costs. The development costs are broadly aligned with the property price growth assumptions (see below);
- The Financial Model assumes approximately one major common area upgrade across the portfolio annually with capital expenditure ranging from \$0.8 million to \$1.5 million, and then inflated over time by 3.5% (in line with development cost inflation);
- Property price growth rates for the next five years are aligned with the growth rates assumed by the independent property valuers for the independent villages<sup>48</sup>. The growth rates reflect a subdued property market for the next three years with growth rates increasing from approximately 1% in FY25 to 2.0% in FY27. The independent property valuers assume the market recovers from FY27 with growth rates increasing to approximately 3.0% - 3.5% from FY29 onwards;
- The resident tenure by accommodation type and village is primarily aligned with the independent property valuers' assumptions. This is based on the expected long-term average of each village; and
- Corporate costs of approximately \$30 million per annum (net of synergies available to all potential acquirers).

<sup>46</sup> All revenue and costs are based on 2025 prices and increase based on the expected growth of each village and corporate overheads. These inputs are then inflated.

<sup>47</sup> Cordell Construction Cost July 2024

<sup>48</sup> See Arvida's Investment Presentation 31 March 2024 (slide 60) for a full breakdown of these assumptions.



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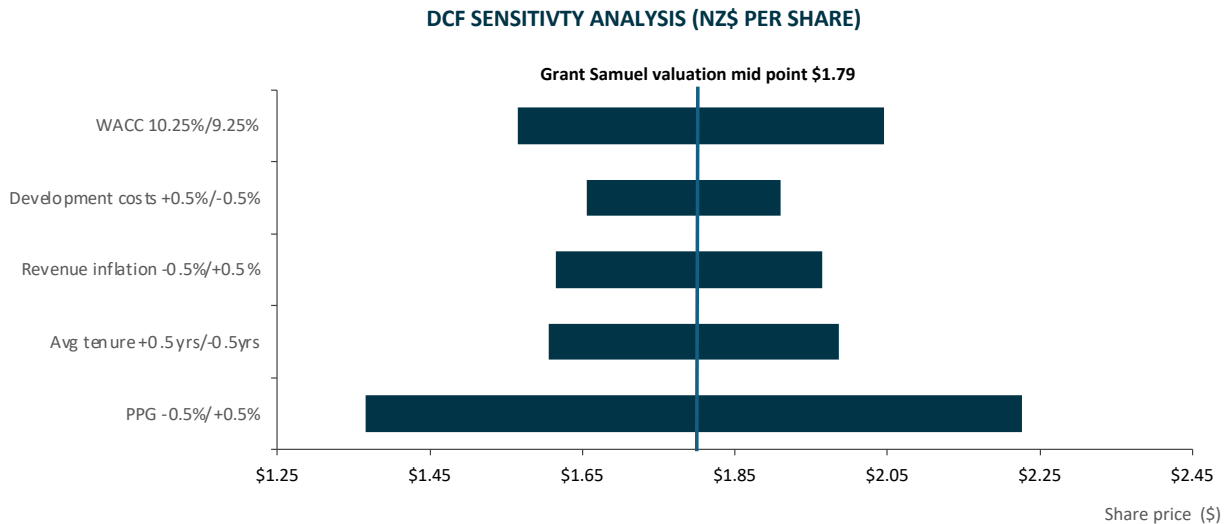
### 5.2.5 Outputs and Sensitives

The Net Present Value outcomes from the Financial Model fall with range of \$1,868 million to \$2,045 million, which equates to a mid-point equity value of \$1.79 per share.

Grant Samuel has undertaken sensitivity analysis. This analysis examines the sensitivity of the value outcomes under the base case to changes in the following key variables using a discount rate of 9.75% unless stated (the midpoint of Grant Samuel's discount rate):

- 0.5% higher or lower discount rate.
- Development costs inflation from FY26 0.5% high or lower;
- Village, aged care and other revenues inflation from FY26 0.5% high or lower;
- Average resident tenure by village 0.5 years lower or higher; and
- Property price growth (PPG) 0.5% lower or higher.

The difference in DCF valuations based on the sensitivity assumptions listed above are summarised in the chart below:



Grant Samuel has considered the outcome of all the scenarios examined in determining its value range. As highlighted in the analysis above NPV outcomes are sensitive to relatively small changes in assumptions. As a consequence the range of NPV outcomes determined using assumptions which are in isolation considered quite reasonable can be very wide. It is therefore necessary to overlay commercial judgement to reflect the risks and to determine a value range that is narrow enough to be meaningful.



## 5.3 Earnings Multiple Analysis

### 5.3.1 Implied underlying profit multiples

The valuation of \$1.63 – 1.94 per share implies the following multiples:

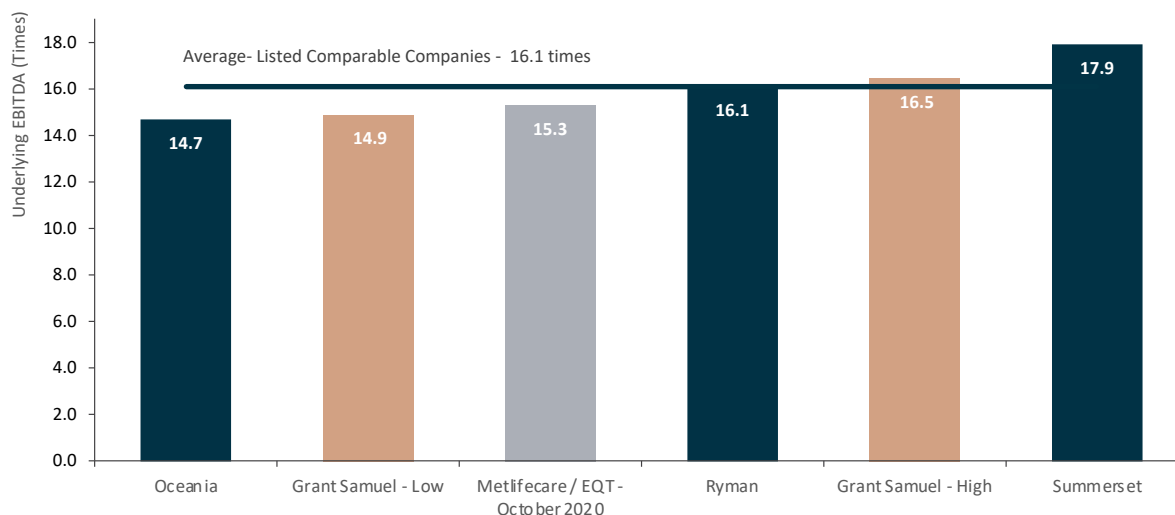
#### ARVIDA – IMPLIED CAPITALISATION MULTIPLES

	(\$ MILLION)	LOW	HIGH
<b>Enterprise Value range (\$million)</b>		<b>1,850</b>	<b>2,050</b>
<b>Equity Value range (\$million)</b>		<b>1,195</b>	<b>1,420</b>
<b>Multiple of Underlying EBITDA (times)</b>			
Year ended 31 March 2024	124	14.9	16.5
Year ending 31 March 2025	122	15.2	16.8
<b>Multiple of Underlying EBIT (times)</b>			
Year ended 31 March 2024	114	16.2	18.0
Year ending 31 March 2025	113	16.3	18.1
<b>Multiple of NTA (times)</b>			
Year ended 31 March 2024	1,497	0.80	0.95

An explanation regarding interpreting the above multiples is included at Appendix E.

The capitalisation multiples calculated above can be compared to the underlying EBITDA multiples inferred from prices at which shares in comparable listed retirement village operators are trading and the value parameters of transactions involving other similar businesses operating in the Retirement Village sector:

#### MULTIPLES OF UNDERLYING HISTORICAL EBITDA FOR COMPARABLE LISTED COMPANIES AND TRANSACTIONS



The following comments are relevant when reviewing the graph above:

- The share prices and therefore the implied multiples of the comparable listed retirement village operators, do not include a premium for control. Shares in a listed company normally trade at a discount to the underlying value of the company as a whole. The multiples are based on closing share prices as at 15 August 2024. On the first day of trading after the announcement of the Scheme, Ryman and Oceania's share prices increased by approximately 7.5% and 18.3% respectively.

## Annexure A: Independent Adviser's Report

- The comparable transaction evidence to assess the implied multiple from underlying EBITDA is limited. The most comparable transaction is EQT's acquisition of Metlifecare that was settled in October 2020. The multiples implied by the Metlifecare transaction were impacted by the COVID-19 lockdown. Initially EQT's takeover price under the SIA agreed in December 2019 was \$7.00 per share. In April 2020, EQT pulled out of the transaction claiming the COVID outbreak was a Material Adverse Change, which would lower the value of Metlifecare's assets, earnings, and profits. EQT subsequently revised its offer in July 2020 to \$6.00 per share which was accepted by Metlifecare's shareholders.
- Summerset is the second largest retirement village operator in New Zealand and is trading at a premium to its peer group. Summerset is in a stronger position versus its peers in recent years with consistent recycling of development cash flows into new projects. Its dividend payments have largely been supported by cash earnings and its capital structure is enabling a more aggressive development profile.

Arvida's reported NTA per share on 31 March 2024 was \$2.05 per share. Approximately 95% of the tangible assets relates to retirement village investment properties and care facility land & buildings, which are measured at independently assessed fair values (see Appendix C for an overview of Independent Property Valuer methodology). By comparison Grant Samuel's assessment of the full underlying equity value of Arvida shares falls within the range of \$1.63 to \$1.94. The Property Valuations also observe the embedded value of each village. The sum of the total embedded value for all Arvida villages (excluding Strathallan and 50% of Village at the Park), development WIP at cost and the valuations separately ascribed to unsold stock, development land and care facilities and net debt totalled to \$1.83 per share.

The Independent Property Valuers note that the sum of the individual asset values is not necessarily equivalent to the market value of Arvida's entire portfolio of retirement villages and development land assets. The market value of a portfolio of property assets can be more or less than the sum of the market value of each asset.

As a matter of principle, there should be no "premium for control" above the independent valuations for each property in the portfolio which are already "control values". There is no higher value for these assets as each independent valuation is for 100% of the asset. However, portfolios of properties sometimes change hands at premiums to the aggregate of individual valuations. The reasons for these premiums vary from case to case but typically reflect one or more of the following factors:

- the value of a portfolio to an acquirer in terms of instant diversification and efficiency (both in time and cost) when compared to accumulating an equivalent portfolio on a piecemeal basis over time;
- larger portfolios of quality properties have scarcity value and may represent a strategic acquisition for some buyers;
- economies of scale and synergies that can be achieved by the acquirer's existing operations;
- strong market conditions with rising property values, low interest rates, low levels of inflation and access to cost effective finance to fund development;
- increases in the value of individual properties since the latest valuations; and
- there is no premium for the growth potential inherent in a business, which owns and is developing a substantial portfolio of property assets.<sup>49</sup>

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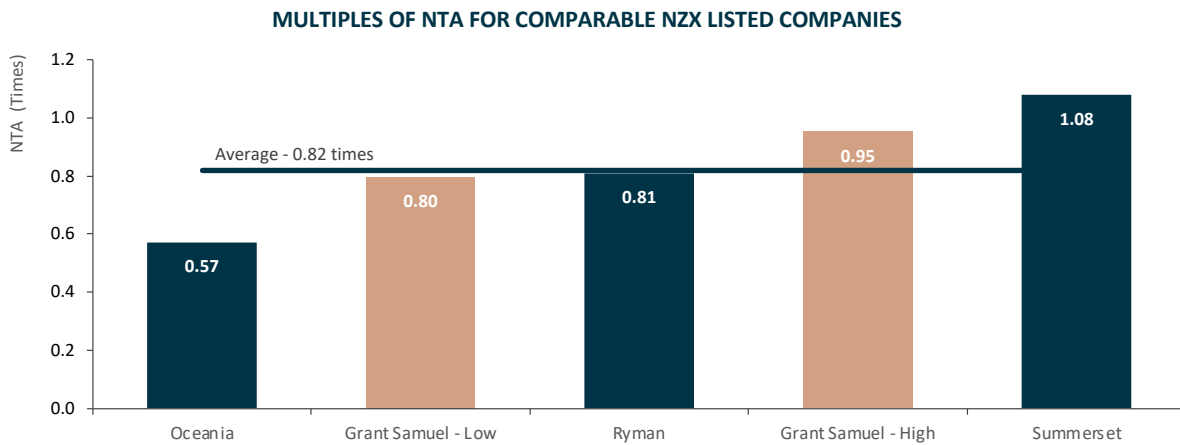
<sup>49</sup> The sales comparison approach adopted to value development land reflects an estimate of the sales price attributable to the land based on its highest and best use. It ignores development work-in-progress and does not explicitly model the future cash flows that might be derived from the new land and buildings once the village development is completed.



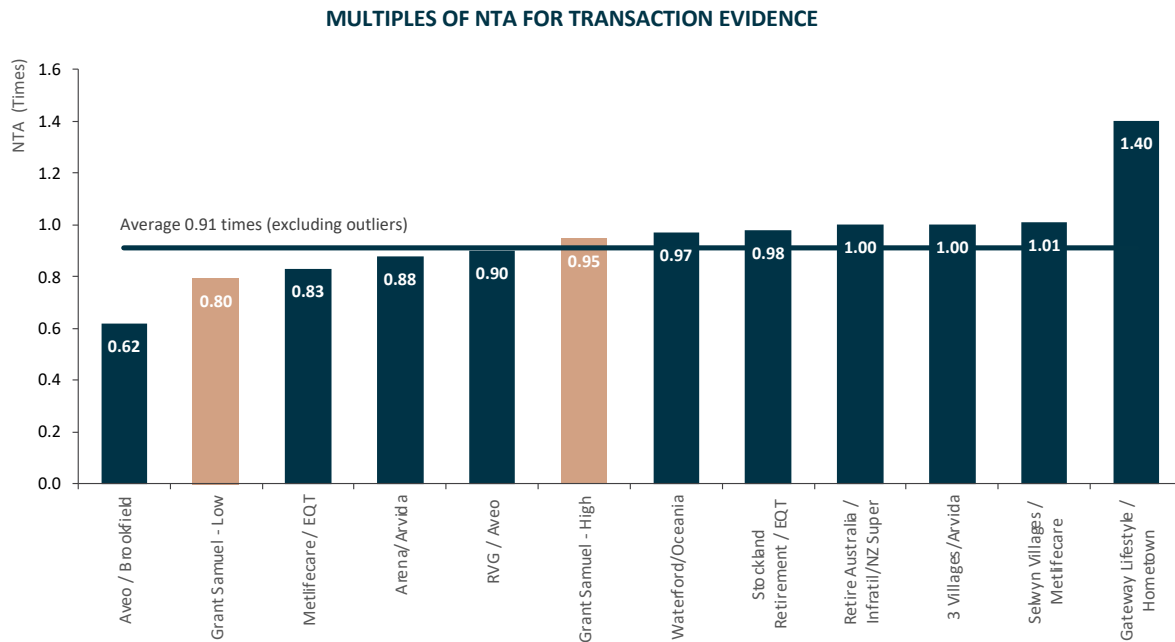
Equally, 100% control of property portfolios may change hands at a discount to NTA because:

- there is also no allowance for the operating costs incurred outside its village operations. Arvida has over \$30 million of corporate costs per annum associated with centralised finance, administration, health and safety, human resources and sales and marketing functions;
- not all properties in a portfolio may be equally attractive to acquirers and a discount would be applied to non-core assets (particularly if acquirers were likely to sell them);
- of weak market conditions with declining property values, high interest rates, inflation and limited access to finance to fund development; and
- material cost synergies are not available (e.g. due to geographic spread of portfolio).

The following chart shows the multiples of NTA implied by the prices at which shares in comparable NZX listed retirement village operators are trading:



The following chart shows the multiples of NTA implied by the value parameters of transactions involving other similar businesses operating in the Retirement Village industry:



The valuations and NTA multiples for all NZX listed comparable companies have reduced over the last three years. As summarised in section 5.3.2, Ryman and Oceania are trading at a discount to NTA reflecting the current market environment. The multiples of NTA of the listed retirement village operators range from 0.57x



## Annexure A: Independent Adviser's Report

for Oceania Healthcare to 1.08x for Summerset. The wide range reflects the relative performance of the respective businesses with Summerset outperforming the market.

The multiples of NTA implied by the transaction evidence range from 0.62x to 1.40x. Australian retirement village operator Aveo was sold in 2019 following a period of significant underperformance. This explains the discount to NTA for the transaction. Gateway Lifestyle sold at a 40% premium to NTA in 2019 reflecting the market conditions at the time and a competitive bidding process between Brookfield and Hometown. When comparing the implied underlying EBITDA multiples of the Gateway Lifestyle it is broadly consistent, albeit at a slight premium when compared to the implied multiples of Grant Samuel's valuation. It is also important to note that the Australian transaction evidence is not directly comparable due to the differences in operating models and also the market environment at the time of the transaction.

**After taking into account outliers, Grant Samuel believes that the multiples implied by its valuation are aligned with the multiples implied from the sharemarket evidence and transaction evidence.**

### 5.3.2 Sharemarket Evidence

The following table sets out the implied trading multiples for listed companies in New Zealand and Australia that are involved in the retirement village and aged care sectors:

SHAREMARKET RATINGS OF COMPARABLE LISTED COMPANIES<sup>50</sup>

ENTITY	MARKET CAPITALISATION (NZ\$ MILLIONS)	UNDERLYING EBITDA MULTIPLE (TIMES) <sup>51</sup>		UNDERLYING EBIT MULTIPLE (TIMES) <sup>52</sup>		PRICE/NTA
		HISTORICAL	FORECAST	HISTORICAL	FORECAST	
Arvida (pre-offer price)	753	12.5	13.5	12.7	13.6	0.50
Arvida (Stonepeak offer price)	1,243	16.5	16.7	17.8	18.0	0.83
<b>Retirement Village Focus</b>						
Ryman	3,369	16.1	15.1	18.3	17.1	0.81
Summerset	2,809	17.9	16.5	19.2	17.8	1.08
Oceania	579	14.7	12.1	19.1	13.8	0.57
<b>Median</b>		<b>16.1</b>	<b>15.1</b>	<b>19.1</b>	<b>17.1</b>	<b>0.81</b>
<b>Average</b>		<b>16.2</b>	<b>14.6</b>	<b>18.9</b>	<b>16.2</b>	<b>0.82</b>
<b>Aged Care Focus</b>						
Radius Residential Care	61	6.5	6.8	12.4	11.9	1.27

Source: Capital IQ, Broker Reports and Grant Samuel analysis)

When observing the table above the following points should be noted:

- A description of each of the companies above is set out in Appendix B.
- The multiples are based on closing share prices as at 15 August 2024.
- The companies selected have varying financial year ends. The data presented above is the most recent annual historical result and a forward looking multiple for the following financial period where a forecast is available. Arvida, Ryman, Oceania and Radius have a March financial year end and Summerset has a December financial year end.

<sup>50</sup> The companies selected have a variety of year ends. The financial information presented in the Historic column corresponds to the most recent actual annual result. The forecast column corresponds to the forecast for the subsequent year.

<sup>51</sup> Represents gross capitalisation divided by underlying EBITDA. Underlying EBITDA is a non-GAAP measure and excludes fair value gains (see section 4.6 for definition).

<sup>52</sup> Represents gross capitalisation divided by underlying EBIT. Underlying EBIT is a non-GAAP measure and excludes fair value gains (see section 4.6 for definition).



- Grant Samuel has segmented the operators between those that focus primarily on operating retirement villages and those that provide primarily aged care services. Ryman, Summerset and Oceania are New Zealand based operators of integrated retirement villages providing a continuum of care including aged care. Approximately 15% of Ryman's existing units are in Victoria, Australia and Summerset has a significant development pipeline in Victoria representing ~2,170 units or ~30% of its total landbank. Oceania only operates in New Zealand. Radius is largely focused on aged care in New Zealand with 92% of its units being care beds and 8% ILUs.
- Ryman is the largest listed retirement village operator in New Zealand. In recent years the company has faced a number of challenges including the pace and complexity of its development growth coupled with increasing construction prices, higher debt levels, higher interest rates and a flat real estate market. Ryman undertook a \$900m equity raise in February 2023 to repay its US private placement lenders. This was costly with significant penalties for early repayment. Ryman has pulled back on its development plans and is focusing on reducing debt, improving village performance and reducing non-village (i.e. corporate) expenses. Ryman is trading at a multiple of ~17.1x forecast underlying EBIT and a 19% discount to its NTA.
- Oceania is trading at largest discount to NTA (43%) of the listed retirement village operators in New Zealand and is trading at a multiple of 13.8x forecast underlying EBIT. This is below Ryman and Summerset's underlying EBIT multiples which are within a range of 17.1x to 17.8x and reflect the smaller size of Oceania. Oceania has paused new developments following a period of increased development activity and it has a significant inventory of new units that it is selling into a subdued market. Oceania's underlying profit performance has also been flat over a number of years despite the increase in the size of its overall portfolio.
- Radius Residential Care is trading at a multiple of 11.9x forecast underlying EBIT. Radius' share price has fallen significantly from NZ\$0.80 at the time of its direct listing on the NZX in October 2020 to its current price of NZ\$0.215 per share. The decline in its share price may be explained by the general rerating of valuation multiples for listed retirement village and aged care operators in New Zealand since 2020 as well as its high debt levels.



### 5.3.3 Transaction Evidence

The following table summarises the value parameters inferred from recent transactions involving retirement village and aged care businesses in Australia and New Zealand:

#### VALUE PARAMETERS INFERRED FROM RECENT TRANSACTIONS

DATE	TARGET	ACQUIRER	IMPLIED ENTERPRISE VALUE (\$M)	EBITDA MULTIPLE (TIMES) <sup>53</sup>		EBIT MULTIPLE (TIMES) <sup>54</sup>		PRICE/NTA <sup>55</sup>
				HIST.	FORE.	HIST.	FORE.	
<b>Retirement Villages</b>								
Feb 22	Stockland Retirement	EQT	A\$987	n.a.	n.a.	n.a.	n.a.	0.98
Oct 21	Arena	Arvida	NZ\$345	n.a.	9.6	n.a.	10.5	0.88
Nov 21	The Selwyn Foundation	Metlifecare	NZ\$212	n.a.	n.a.	n.a.	n.a.	1.01
Apr 21	Waterford	Oceania	NZ\$56.2	n.a.	n.a.	n.a.	n.a.	0.97
Jul 20	Metlifecare	EQT	NZ\$1,582	15.3	16.2	16.1	17.3	0.84
Jul 19	Aveo Group	Brookfield Property	A\$2,014	28.3*	36.0*	30.3*	39.9*	0.62
Jun 19	3 Villages	Arvida	NZ\$180	n.a.	11.2	n.a.	11.4	1.00
Jun 18	Gateway Lifestyle	Hometown	A\$941	19.3	18.1	19.5	18.2	1.40*
Apr 17	RVG	Aveo	A\$370	n.m.	n.a.	n.m.	n.a.	0.90
Dec 14	Retire Australia	Infratil/NZ Super	A\$617	n.a.	n.a.	18.0	16.4	1.00
<b>Aged Care Focus</b>								
Mar 23	Estia Health	Bain Private Capital	A\$958	11.5	8.5	n.m.	16.2	n.m.
Apr 21	Japara Health	Calvary Health Care	A\$587	n.m.	9.8	n.m.	17.5	n.m.
<b>Overall Median (excluding outliers)</b>				<b>15.3</b>	<b>10.5</b>	<b>18.0</b>	<b>16.4</b>	<b>0.97</b>
<b>Overall Average (excluding outliers)</b>				<b>15.4</b>	<b>12.2</b>	<b>17.9</b>	<b>15.4</b>	<b>0.91</b>

Source: Capital IQ. Grant Samuel analysis (see Appendix A). \*Denotes outliers.

A brief summary of each of these transactions is provided below:

- In July 2020, global private equity fund EQT acquired New Zealand based Metlifecare for ~NZ\$1.6b. At the time of the transaction, Metlifecare had 25 retirement village and aged care facilities. Metlifecare has continued to develop its existing and new villages. In November 2021 it acquired a portfolio of six retirement villages and aged care facilities from The Selwyn Foundation (**Selwyn Villages**) for NZ\$212m, adding a further six villages that were primarily care focused. EQT acquired Stockland's retirement village operations in February 2020 for ~A\$1.0b, adding 58 villages in Australia. Metlifecare was acquired at a discount to NTA (0.84x), Stockland Retirement at small discount to NTA (i.e. 0.98x) and Selwyn Villages was at a small premium to the NTA (1.01x).
- In July 2019, Brookfield Property was identified as the preferred buyer for one of Australia's largest retirement village operator, Aveo Group. Aveo's performance prior to the acquisition had been impacted by negative public sentiment following allegations of questionable business practices including churning, price gouging, safety issues and misleading advertising and marketing. Despite the transaction occurring at a significant discount to NTA (0.63x), the implied earnings multiples were high at ~30x forecast underlying EBITDA and 34x forecast underlying EBIT. The high multiples reflect a poor financial performance in FY19. Based on Aveo's underlying EBITDA in FY18, the underlying EBITDA multiple decreases to 16.8x. In April 2017, Aveo purchased the remaining 27% shareholding in Retirement Villages Group at a small discount to NTA.

<sup>53</sup> Represents gross capitalisation divided by underlying EBITDA.

<sup>54</sup> Represents gross capitalisation divided by underlying EBIT.

<sup>55</sup> In some instances the NTA multiple is references to the Price / Property Valuation. NTA has been used where available.

- In June 2018, US based Hometown Communities made a bid to acquire ASX listed Gateway Lifestyle Group for ~A\$520m. Gateway had entered the Australian market the year earlier acquiring its first retirement village. Gateway added a further 58 communities including three greenfield projects. Hometown operated 60 communities in the USA. Gateway was purchased at a premium to NTA (1.40x).
- Over the last five years Arvida acquired Arena for \$345 million which implied a multiple of approximately 0.88x the CBRE valuation and an underlying EBITDA multiple of 9.6x. Arena had significant intensification and redevelopment opportunities; and three villages from Sanderson Group for \$180 million which was in line with the CBRE valuation and implied an underlying EBITDA multiple of 11.2x. The acquisition of the three villages which comprised Bethlehem Country Club, Bethlehem Shores and Queenstown Country Club added 326 ILUs to Arvida's portfolio and provided for the future development of 504 units, the addition of which substantially increased Arvida's development pipeline in key growth areas.
- In 2014, Infratil and NZ Super acquired Retire Australia, the fourth largest retirement village operator in Australia with 28 villages. The business was acquired at NTA and implied multiples of ~16.5x forecast EBIT (using the midpoint of forecast earnings).
- In March 2023, Bain Private Capital acquired Estia Health, one of the largest aged care providers in Australia with 8,000 residents across 73 care homes. The purchase price implied multiples of 9.4x forecast EBITDA and 17.6x forecast EBIT. In April 2021, catholic church owned Calvary Health Care acquired Japara Health. This was at similar multiples of 9.8x forecast EBITDA and 17.5x forecast EBIT.

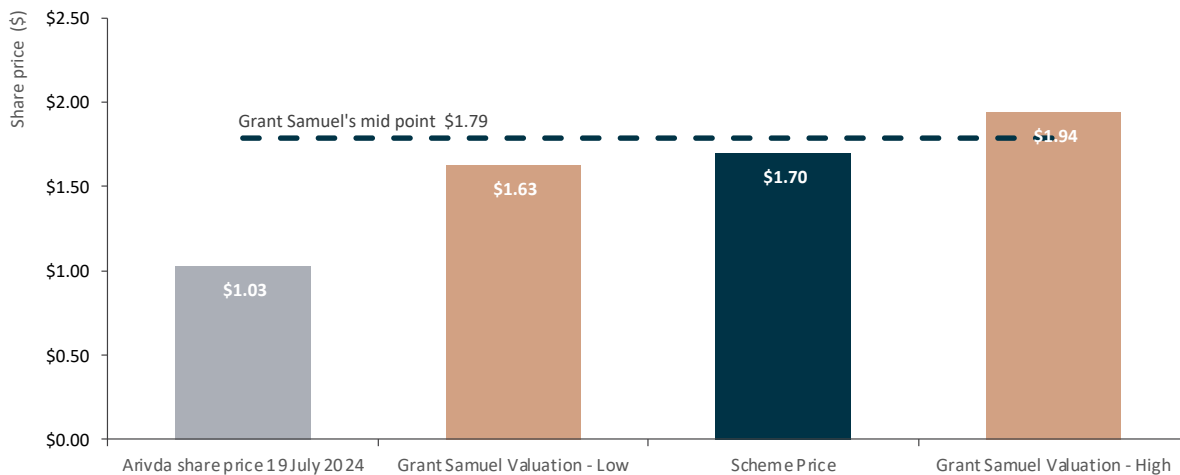
## 6 Merits of the Scheme

### 6.1 The value of the Scheme

The value of the Scheme can be assessed with reference to a number of factors:

- Grant Samuel's assessment of the value of Arvida.** In Grant Samuel's opinion the full underlying value of Arvida's shares is in the range of \$1.63 to \$1.94 per share as set out in Section 5. This value represents the value of 100% of the equity in Arvida and therefore includes a premium for control. In Grant Samuel's opinion the offer price under a takeover offer or scheme of arrangement where the offeror will gain control should be within, or exceed, the pro-rated full underlying valuation range of the company. The Scheme price of \$1.70 per share is within Grant Samuel's assessed value range for Arvida shares, albeit at the lower end of the range. The chart below compares the Scheme price with Grant Samuel's assessed value range for Arvida shares and Arvida's share price immediately prior to the announcement of the Scheme.

**GRANT SAMUEL VALUATION RANGE VERSUS THE SCHEME PRICE AND PRE SCHEME SHARE PRICE (NZ\$ PER SHARE)**



- The premium implied by the Scheme.** The Scheme represents a premium of approximately 65% relative to the closing price of \$1.03 per share on 19 July 2024 - being the trading day prior to the announcement of the Scheme, and a premium of 82% over the VWAP over the 30 trading days prior to the announcement.
- Comparable company and comparable transaction data.** The Scheme implies an historical NTA multiple of 0.83x. Grant Samuel's analysis suggests the historical NTA multiple implied by the Scheme price is broadly in line with multiples implied for the acquisition of controlling shareholdings in comparable companies, and is at a premium to the historical NTA multiple implied by the sharemarket ratings of comparable entities Oceania and Ryman.

### 6.2 The timing and circumstances surrounding the Scheme

In September 2023 Stonepeak approached Arvida on an unsolicited and confidential basis with a conditional non-binding proposal for the acquisition of all of Arvida's shares. Arvida sought independent legal and financial advice as part of a comprehensive evaluation of the proposal. Following a period of careful consideration, Arvida's Board determined that an offer of \$1.70 per share was not in the best interests of its shareholders as the Board considered it undervalued Arvida at that time. This was announced on NZX in response to market rumours that Arvida had recently been the subject of an acquisition approach.



Arvida, as well as comparable companies Ryman and Oceania, had each materially underperformed the NZX 50 index over the three year period to 19 July 2024. This in part due to a combination of macro factors including:

- a decline in New Zealand’s house prices;
- high levels of inflation impacting development and operating costs;
- an increase in interest rates; and
- the perceived financial risk in the sector due to the increase in debt levels since 2017<sup>56</sup>.

In February 2024 the Board of Arvida, aware of the market conditions (which had deteriorated since September 2023), and Arvida’s share price performance, initiated a “*value recognition programme*” with the aim of maximising value for shareholders. Options that were considered under this programme included engaging with other market participants on various capital partnerships, restructuring options and strategic alternatives for Arvida, together with a detailed internal exploration of areas where the existing business, capital structure and operating performance could be improved.

As part of Arvida’s “*value recognition programme*” it identified initiatives totalling \$200 million to reduce its core debt. The initiatives included the sale of surplus development land from existing greenfield sites, reduction of stock held for sale, slowing down development, suspension of dividends and pursuing the insurance claim for losses sustained from the Auckland floods. Other NZX listed comparable companies Ryman and Oceania have also suspended dividends and slowed down development to reduce debt.

Through its “*value recognition programme*” work, Arvida’s Board also concluded that the NBIO represented the most compelling value for Shareholders and it reengaged with Stonepeak and invited it to undertake due diligence.

On 22 July 2024 Arvida announced that it had entered into a SIA with Stonepeak to acquire 100% of the issued capital of Arvida for cash consideration of \$1.70 cash per share. The Arvida directors unanimously recommend accepting the offer.

### 6.3 Possible outcomes of the Scheme

The Scheme needs the support of 75% of the shares voted by each interest class on the scheme resolution, and more than 50% of the total number of voting securities in the company to be voted in favour of the Scheme, for it to proceed.

Arvida has one class of shares, all of which are fully paid up ordinary shares with identical voting rights. William McDonald, an Associate of Stonepeak<sup>57</sup> who holds or controls 1,900,602 Arvida Shares (~0.3% of the shares on issue) is required to vote in a separate interest class. There will be two interest classes (being William McDonald in one interest class and all other shareholders in the other interest class). William McDonald has entered into a Voting Deed Poll. Under this agreement he agrees that he will vote all of his shares that he holds or controls favour of the Scheme (including any interest class approval of which they form part of the relevant class). This means that the vote of the interest class comprising William McDonald will be passed unanimously.

The voting on the Scheme for the 75% voting threshold will be decided by the other interest class consisting of all other shareholders<sup>58</sup>.

The threshold for approving the Scheme is based on 75% of the number of votes actually cast voting in favour of the Scheme. Realistically, some shareholders may not decide to cast their votes at a meeting or by proxy. Therefore, the threshold is likely to be less than 75% of all voting securities on issue. For example, if 80% of

<sup>56</sup> 18 July 2024 – Retirement sector struggling to keep lid on debt, analysts say. Gregor Thompson – Business Desk NZ

<sup>57</sup> See section 6.5 for more information on the agreement between William McDonald and Stonepeak.

<sup>58</sup> William McDonald’s shareholding will count towards the 50% threshold.



voting securities on issue are cast, the threshold will be 75% of the 80% of voting securities on issue that are cast (representing 60% of the total voting securities on issue). The probability of a 100% acquisition being successfully completed under a scheme structure is therefore generally regarded as greater than under a conventional takeover offer.

The High Court will only consider approving the Scheme if the two shareholder voting thresholds are passed and the other outstanding conditions are satisfied. If the High Court approves the Scheme, the shares in Arvida will be acquired by Stonepeak.

The possible outcomes are a function of Arvida shareholders' endorsement (or not) of the Scheme and are summarised below:

- **The voting thresholds to approve the Scheme are achieved.**

If the voting thresholds to approve the Scheme are achieved, all other conditions are satisfied or (if capable of waiver) waived and the SIA is not terminated, the Scheme will be implemented. In that circumstance all shareholders in Arvida will have their shares acquired at \$1.70 per share. Arvida shareholders will only realise cash under the Scheme if the voting thresholds are achieved, the other conditions are satisfied or (if capable of waiver) waived and the SIA is not terminated, and the transaction is therefore implemented. If the transaction is implemented Arvida's shares will be delisted.

- **The voting thresholds to approve the Scheme are not achieved.**

If the voting thresholds to approve the Scheme are not achieved, the Scheme will not proceed, and no shares will be acquired by Stonepeak. Arvida shares will remain listed on the NZX and will have no further obligation to Stonepeak. No break fees will be payable by either Stonepeak or Arvida if the voting thresholds to approve the Scheme are not achieved unless one of the break fee triggers set out in the SIA has occurred.

- **The voting thresholds to approve the Scheme are achieved, but one or more of the conditions are not satisfied.**

If voting thresholds to approve the Scheme are achieved but the other conditions are not satisfied or (if capable of waiver) waived, or if the SIA is terminated, the Scheme will not proceed, and no shares will be acquired by Stonepeak. Arvida shares will remain listed on the NZX and Arvida will have no further obligation to Stonepeak. No break fees will be payable by Arvida unless one of the break fee triggers described in the SIA has occurred.

### 6.4 Factors affecting the outcome of the Scheme

The following factors may impact the outcome of the Scheme:

- Many takeovers or schemes of arrangement feature lock-up or voting commitment arrangements whereby certain larger shareholders are approached as part of the proposal and agree to accept the offer when it is made or vote for the scheme when it is put to shareholders. The support or otherwise of the larger shareholders in relation to the Stonepeak Scheme is likely to be material in determining whether or not Arvida achieves the requisite voting thresholds. At the time of signing the SIA, Arvida had been in discussions with institutional shareholders, representing in aggregate approximately 18% of shares in Arvida who advised Arvida that they are supportive of the offer. As at 15 August 2024, with the exception of William McDonald, who holds or controls ~0.3% of the shares on issue<sup>59</sup>, no shareholder has signed a voting agreement or provided a voting intention statement and all major shareholders are free to vote for or against the Scheme.
- Several arbitration funds have acquired shares in Arvida since the announcement of the SIA and the share price increased from \$1.03 per share on 19 July 2024 - being the trading day prior to the

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<sup>59</sup> This shareholding has been classified as a separate interest class (see section 6.3).



announcement of the Scheme to \$1.64<sup>60</sup> (\$0.07 below the \$1.70 Scheme price). The increase in price to just below the price of the Scheme suggests the market believes the Scheme will be successfully implemented. It may also be due in part to a better understanding of Arvida's future prospects as a consequence of the Stonepeak approach. It is a reasonable conclusion that the market has enhanced understanding of Arvida's future prospects as a consequence of the Scheme.

- The break fee structure agreed between Stonepeak and Arvida provides for Arvida to pay a fee of \$12.43 million if (amongst other things) a Director of Arvida does not recommend the Scheme or if a competing transaction is announced and completed.
- The Scheme is conditional on Stonepeak receiving approval from the OIO. OIO approval is expected to be obtained before the end of 2024.
- The Scheme was conditional on the Statutory Supervisor<sup>61</sup> consenting to the change of control of the Villages (and the Arvida Group entities that own the Villages) arising from the Scheme being implemented. This consent has been received. Consent is also required from the Statutory Supervisor to Arvida's debt funding and security arrangements that will apply from the implementation date of the Scheme. Arvida has no reason to believe the remaining consent will not be obtained from the Statutory Supervisor.

## 6.5 Other merits of the Scheme

- William McDonald was engaged as a consultant by Stonepeak in 2023. The key terms of the consultancy agreement between William McDonald and Stonepeak include:
  - William McDonald will receive a monthly retainer for his advisory services to Stonepeak, relating to a potential investment in the New Zealand Retirement Village sector;
  - William McDonald will receive a one-off transaction fee if the Scheme is implemented;
  - if the Scheme is implemented William McDonald will reinvest a proportion of the proceeds received from the transaction fee and the sale of his Arvida Shares that he owns or controls into one or more of the vehicles managed by Stonepeak which consummates the Scheme; and
  - if the Scheme is not implemented and Stonepeak acquires another target, under the advice of William McDonald, William McDonald will also receive a one-off transaction fee and is expected to reinvest a proportion of the transaction fee into one or more of the vehicles managed by Stonepeak which consummates the transaction.

William McDonald was engaged by Stonepeak due to his extensive experience in the New Zealand Retirement Village sector. In Grant Samuel's opinion the agreement between William McDonald and Stonepeak is not related to his shareholding in Arvida and he is not receiving differential consideration in respect of the Scheme.

- The Scheme restricts the conduct of Arvida's business from the date of signing of the SIA until the date the Scheme is implemented or the SIA is terminated. The restrictions are common for transactions of this nature and its purpose is to ensure that from the date the SIA is signed, Arvida carries on its business in the ordinary course and does not make any significant changes to the nature or scale of its business without the approval of Stonepeak. Under the SIA Arvida is subject to certain obligations including positive obligations such as carrying on the business in the ordinary course, and negative obligations such as (subject to specified exceptions) not incurring any more debt, not providing any guarantees, or acquiring or disposing of any material assets.

<sup>60</sup> As at 15 August 2024.

<sup>61</sup> The statutory supervisor of each Village appointed in accordance with the Retirement Villages Act 2003



## Annexure A: Independent Adviser's Report

- In May 2024 Arvida suspended paying dividends. The SIA also contains restrictions on the recommencement of dividends and accordingly effectively prevents Arvida's shareholders from sharing in any profits since the signing of the SIA. The value of the Scheme remains unchanged at \$1.70 per share regardless of when the transaction is ultimately implemented (if it is approved) or terminated. Delays in implementing the Scheme caused by a delay in satisfying the conditions will therefore be marginally detrimental to Arvida's shareholders.
- Arvida's Board announced that, while the dividend is suspended, a revised dividend policy will be considered including alternative metrics for the determination of future dividend payouts. Arvida's Board has also stated a commitment to reduce core debt by approximately \$200 million. Based on the cashflow forecast for the next 6 months it is unlikely that Arvida would elect to make dividend payments in 2024. Grant Samuel's valuation of Arvida takes into consideration the forecast cash flows of the business. Arvida's net cash flows before financing activities in FY25 are forecast to be close to break-even<sup>62</sup>.
- The Scheme specifies an end date of 16 May 2025 (unless extended in accordance with the SIA or by agreement between Arvida and Stonepeak). The transaction timetable set out in the Scheme Booklet provides for the Scheme to be put to shareholders in the last quarter of 2024. If shareholders approve the Scheme, the Implementation Date is expected to be before the end of 2024.
- The Scheme includes a Material Adverse Change (**MAC**) condition which is common in transactions of this nature. Under this condition, Stonepeak may terminate the SIA if there are events or circumstances which occur between the signing of the SIA and the implementation of the Scheme which reduce:
  - the NTA of the Arvida Group by \$150 million or more;
  - the Embedded Value of the Arvida Group by \$85 million or more, excluding the impact of the reselling of any units relating to any Arvida Village in the ordinary course of business; or
  - the Operating EBITDA<sup>63</sup> of Arvida by 15% in the 12 month period following the event that is specified to causing the MAC.

The SIA details a range of circumstances or events that are excluded when determining if a Material Adverse Change has occurred (i.e. Stonepeak may not terminate the SIA if the Material Adverse Change is caused by excluded events). The excluded events include any matter or event fairly disclosed in due diligence, changes generally affecting the sector in which Arvida operates, impacts relating to an epidemic and changes in generally accepted accounting principles. The excluded events are designed to reduce the likelihood of the Material Adverse Change condition being triggered.

- If the voting thresholds are not achieved at the Scheme Meeting, Stonepeak could theoretically elect to increase the price it is prepared to pay for Arvida. In this situation any price increase would require a revised scheme of arrangement proposal and the timetable extended to facilitate a further meeting of shareholders to consider the revised scheme. However, there is no certainty in those circumstances that a revised proposal would be tabled.

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<sup>62</sup> This excludes the impact of the proceeds received from surplus land and when excluding proceeds from Strathallan which was sold in April 2024. The proceeds from Strathallan are included in Grant Samuel's valuation range.

<sup>63</sup> Operating EBITDA means consolidated Underlying Profit plus interest and depreciation and minus gains on sale of new occupation rights (calculated using the same accounting policies and methodologies of the Arvida in place as at the date of the SIA as used by Arvida in the calculation of Operating EBITDA in its annual results presentation for the financial year ended 31 March 2024).



- The use of a scheme of arrangement mechanism provides the acquirer with certainty that once the Arvida Board approved SIA has been entered into, if the resolutions are passed and the Court orders approved, all other conditions are satisfied or waived (to the extent capable of waiver) and the SIA is not otherwise terminated, it will secure 100% of the shares on issue. Stonepeak has demonstrated a desire to own 100% of Arvida. While the scheme of arrangement structure is likely to be preferred by Stonepeak by virtue of the lower shareholder acceptance levels required to be able to successfully acquire 100% of Arvida, it may elect to launch a conventional takeover offer under the Code if the Scheme is not successful.
- Arvida shareholders who choose not to vote in favour of the Scheme may have decided they want to retain their investment in Arvida for the longer term or may be expecting that Stonepeak or another bidder may make another offer or transaction proposal at a higher price. There is no certainty regarding the ongoing performance of Arvida or that a subsequent offer or scheme proposal from Stonepeak or another bidder will be forthcoming if the Scheme is rejected by Arvida's shareholders. The risks and benefits associated with an investment in Arvida are outlined below. Shareholders should note that if the Scheme is implemented, Stonepeak will acquire all of the Arvida shares, including the shares of those shareholders who voted against the Scheme.

## 6.6 Consequences if the Scheme is rejected

If the Scheme is rejected by Arvida's shareholders Arvida will remain as a listed company with no shares acquired by Stonepeak. The status quo scenario is therefore relevant to Arvida shareholders in deciding whether to support or reject the Scheme. Under the status quo scenario:

- A consideration for Arvida's shareholders is whether an investment in Arvida will yield a higher value outcome in time than the Scheme. Arvida has a number of strengths and weaknesses, several of which have been outlined in section 5 this report.
- Any decision to reject the Scheme may result in a reversal of some or all of the share price appreciation that followed the announcement of the Scheme.
- As with any equity investment there are risks associated with the market in which Arvida operates. The risks associated with an investment in Arvida include the following:
  - Earnings generated through the construction and sale and resale of ORAs for retirement village units makes up a significant portion of Arvida's cash flows and underlying earnings. Adverse changes in the New Zealand residential property market are therefore a key risk for Arvida's business.
  - Arvida has an active development programme that involves the construction of approximately 1,000 retirement village units over the next five years. Development risks such as project delays, construction contractor defaults, material and labour shortages may lead to increased overall costs and lower or delay returns to shareholders.
  - Arvida operates in a highly regulated industry, where ongoing compliance is vital from both a legal and reputational perspective. Failure to maintain compliance could prevent the relevant retirement village or aged care facility from continuing to operate or offer ORAs. Future regulatory changes to the retirement village or aged care industry or public review of industry practices may also have an adverse impact on Arvida and the way it provides care to residents or develops and operates retirement villages and aged care facilities. Conversely, if Arvida can maintain its reputation and operate above minimum regulatory standards, this could be a competitive advantage.
  - The risks arising from the outbreak of infectious disease are particularly relevant to Arvida as a provider of retirement living and aged care services. An outbreak of a virus in any of the locations where Arvida operates may result in a delay in or stop to new admissions to the relevant aged care

facility and therefore result in a decline in the aged care facility's occupancy levels and lead to difficulties in selling units in retirement villages.

### 6.7 Likelihood of alternative offers

- Grant Samuel understands that Arvida employed financial advisers in late 2023 to assist with the engagement with Stonepeak. Grant Samuel further understands that Arvida's advisers did not actively engage with the wider market to run a divestment process. Arvida has not received any other unsolicited proposals since the announcement of the NBIO in December 2023.
- In any event, Arvida is subject to an exclusivity period with Stonepeak until:
  - the end date being 16 May 2025 (unless extended in accordance with the SIA or by agreement between Stonepeak and Arvida); or
  - the Scheme is terminated or implemented; or
  - a superior competing proposal is received and accepted by Arvida's Directors (and Stonepeak has not subsequently matched or provided a better proposal).
- The Scheme between Stonepeak and Arvida provides a typical exclusivity framework in favour of Stonepeak. Under this framework, Arvida is prohibited from engaging on any competing proposals unless the Arvida Board has, after taking external advice, determined that the competing proposal is or is reasonably capable of becoming a superior proposal. Furthermore, Stonepeak must be notified of any competing proposal and must be offered the opportunity to match a proposal that the Arvida Board considers to be a superior proposal to the Scheme. If Stonepeak does make a revised proposal as a consequence of this process, then Arvida and Stonepeak must use reasonable endeavours to enter into documentation to give effect to and implement the revised Stonepeak proposal. In these circumstances Arvida must also procure that the Arvida Directors recommend Stonepeak's revised proposal to shareholders. If Stonepeak does not make a counter-proposal or the Arvida Board determines Stonepeak's revised proposal is, as a whole, less favourable to shareholders, the matching right will end in respect of that competing proposal. Conceptually in those circumstances, the Arvida Board would be recommending the competing proposal to shareholders.
- The more time that elapses from the announcement of the Scheme, the less likely a competing proposal will emerge as Arvida can only provide access to due diligence information to bona fide proposals that have not been encouraged, solicited or invited, and that are reasonably capable of becoming superior to the Scheme. In this regard, Grant Samuel notes that Arvida has advised that, as at the date of this report, there are no current alternative proposals.
- As at 15 August 2024 Stonepeak does not own any of the shares on issue in Arvida and therefore it does not have any ability to block another potential bidder who is likely to want to acquire 100% of the Company.
- Any competing proposal, whilst unlikely given the advanced state of the Scheme, may come by way of a traditional takeover offer with potentially lower acceptance thresholds (e.g. a takeover for 100% of the Company, conditional on 50.01% acceptance), or a partial offer for less than 100% of the shares.
- The break fee of \$12.43 million will be payable if Arvida completes a competing proposal within 12 months of announcing the competing proposal, if the competing proposal is announced before the SIA is terminated.

## **6.8 Voting for or against the Scheme**

Voting for or against the Scheme is a matter for individual shareholders based on their own view as to value and future market conditions, risk profile, liquidity preference, portfolio strategy, tax position and other factors. In particular, taxation consequences will vary widely across shareholders. Shareholders will need to consider these consequences and, if appropriate, consult their own professional adviser(s).

**GRANT SAMUEL & ASSOCIATES LIMITED**

**21 AUGUST 2024**

### APPENDIX A – TRANSACTION DESCRIPTIONS

#### *Retirement Village transactions*

##### ***Stockland Retirement / EQT***

On 23 February 2022, Stockland Limited announced that it had agreed to sell its retirement living business for A\$987m to EQT Infrastructure (EQT). The sale price was broadly in line with book value at a ~2% discount. The acquired business comprised 58 established villages, 10 development projects and the associated management platform. 300 employees transferred with the business.

##### ***Arena Villages / Arvida***

On 15 October 2021, Arvida announced that it had entered into an agreement to purchase 100% of the shares of Arena for approximately \$345m. Arena owned six retirement villages located on prime sites in Auckland and Tauranga. The villages include Peninsula Club, Mayfair Village, Knightsbridge Village, Parklane Village, Mt Eden Gardens and Ocean Shores Village. The acquisition added 648 villas, 340 apartments, 58 serviced apartments, representing a 24% increase in the size of Arvida's portfolio. The purchase price represented a 12% discount to the recent independent valuation of \$394m as at 30 June 2021. The acquisition was expected to add \$32-34m of underlying profit in FY22 on a pro forma basis.

##### ***Selwyn Villages / Metlifecare***

On 25 November 2021, Metlifecare entered into an agreement to acquire six retirement villages and its laundry operations from The Selwyn Foundation for NZ\$212.4m. The acquisition significantly increased Metlifecare's aged care offering and broadened its geographic reach across the North Island. The purchase price was at a \$2.3m premium to the reported NTA of \$210.1m.

##### ***Waterford / Oceania***

On 23 March 2021, Oceania announced that it had agreed to acquire Waterford on Hobsonville Point, a modern 100 unit retirement village (comprising 36 ILUs and 64 independent living apartments) with future brownfield development opportunity. Waterford was acquired at a 3% discount to NTA.

##### ***Metlifecare / EQT Partners***

On 5 July 2020, EQT Partners AB made an offer to acquire all the shares in Metlifecare Limited for NZ\$6 per share, implying an equity value of approximately NZ\$1.3b. Metlifecare owns and operates a portfolio of 25 retirement villages and related care facilities in New Zealand, predominantly located in the upper North Island. At the date of the acquisition, Metlifecare had over 5,600 residents and approximately 1,000 staff. It had 4,066 ILUs, 492 SAs and 311 care beds.

##### ***Aveo Group / Brookfield***

On 4 July 2019, certain funds managed by Brookfield Financial Properties L.P. was selected as the preferred party to acquire Aveo Group. Aveo provided 12,120 retirement dwellings for approximately 14,000 residents in 94 retirement villages. The dwellings comprised 9,110 ILUs and 3,010 SAs and 410 care beds.

##### ***Three villages from Sanderson Group / Arvida***

In 2019 Arvida announced it had entered into agreements to purchase Bethlehem Country Club, Bethlehem Shores and Queenstown Country Club from Sanderson Group for approximately \$180 million. The acquisition of the three villages which comprised Bethlehem Country Club, Bethlehem Shores and Queenstown Country Club added 326 ILU's to Arvida's portfolio and provided for the future development of 504 units, the addition of which substantially increased Arvida's development pipeline in key growth areas.





***Gateway Lifestyle Group / Hometown Australia***

On 13 June 2018, Hometown America Communities Limited Partnership made a non-binding proposal to acquire the remaining 82.5% stake in Gateway Lifestyle Group (**Gateway**) for approximately A\$520m. Gateway is one of Australia's largest retirement village operators. Hometown was founded in 1997 and operates more than 60 residential and land lease communities across 11 states in the USA. It acquired its first Australian community in March 2017. Gateway had a portfolio of 58 communities including three greenfield projects.

***Retirement Villages Group / Aveo***

On 18 April 2017, Aveo acquired the remaining 27% shareholding in Retirement Villages Group (**RVG**) for consideration of approximately A\$100m. RVG operated a freehold model and DMF model. Its portfolio consisted of over 3,400 units in 28 villages which were predominantly located in the metropolitan areas of Sydney and Melbourne. The portfolio comprised mainly mature facilities and a small development pipeline of 77 units.

***Retire Australia / Infratil and NZ Superannuation Fund***

On 28 December 2014, Infratil and the NZ Superannuation Fund announced that it had agreed to acquire RetireAustralia for A\$429.5m. The assets were acquired at their NTA value. At the time of the acquisition, RetireAustralia was the fourth largest retirement operator in Australia with 3,700 units and apartments across 28 villages. It had a mature portfolio with an average village age of 19 years. The purchase price implied a multiple of 18.0x historical EBIT and 16.5x forecast EBIT (using midpoint estimate).

***Aged Care transactions******Estia Health / Bain Private Capital***

On 24 March 2023, Bain Capital Private Equity offered to acquire Estia Health Limited (**Estia**) for approximately A\$840m. Estia is one of Australia's largest residential care operators caring for over 8,000 residents across 73 homes.

***Japara Health / Calvary Health Care***

On 30 April 2021, Calvary Health Care Limited made an offer to acquire Japara Healthcare Limited for approximately A\$1.04 per share. The offer price was subsequently revised to \$1.40 per share, implying an equity value of approximately A\$380m and an enterprise value of approximately A\$590m. Japara is an owner, operator and developer of residential aged care facilities with approximately 5,900 employees and 4,000 residents across 50 nursing homes. Calvary is a charitable catholic not-for-profit organisation based in Sydney. It has 12,000 staff and volunteers and operates 14 public and private hospitals, 17 retirement and aged care facilities and a national network of community care centres.

### APPENDIX B – COMPARABLE LISTED COMPANIES

A brief description of each of the companies listed in Section 5.3.2 is outlined below:

#### **Ryman Healthcare Limited**

Ryman Healthcare Limited (**Ryman**) operates and develops retirement villages and rest homes in New Zealand and Australia. Ryman's portfolio consists of 48 open villages (including 9 under construction) with 40 in New Zealand and 8 in Victoria, Australia. Ryman has a total of ~9,190 retirement village units and houses ~14,600 residents. Ryman has ~5,370 units and beds in its land bank. Approximately 85% of Ryman's existing units are located in New Zealand with the remaining 15% located in Victoria, Australia. For the financial year ended 31 March 2024, Ryman generated Underlying EBITDA of \$364.4m.

#### **Summerset Group**

Summerset Group Holdings Limited (**Summerset**) operates and develops retirement villages and rest homes in New Zealand and Australia. Summerset employs more than 2,800 staff and has more than 8,000 residents. As at 31 December 2023, Summerset's portfolio consists of 7,371 total units comprising 6,077 retirement units, 242 Care Suites and 1,042 care beds. Summerset has the largest New Zealand land bank for a retirement village operator. Summerset has 4,741 total units in its landbank in New Zealand comprising 3,901 retirement units, 655 Care Suites and 185 care beds. As at 31 December 2023, Summerset only had 10 completed units in Australia. Summerset's Australian pipeline includes an additional 2,168 units across 7 villages. For the financial year ended 31 December 2023, Summerset generated Underlying EBITDA of \$233.6m.

#### **Oceania Healthcare**

Oceania Healthcare Limited (**Oceania**) operates and develops retirement villages and rest homes in New Zealand. As at 31 March 2024, Oceania's portfolio consists of 4,382 total units comprising 1,915 ILUs, 1,071 Care Suites and 1,396 care beds. Oceania has 1,571 total units in its landbank comprising 1,058 retirement units and 513 Care Suites. Summerset employs more than 3,000 staff and approximately 4,000 residents. For the 12 months to 31 March 2024, Oceania generated Underlying EBITDA of \$82.6m.

#### *Aged Care Providers*

#### **Radius Residential Care**

Radius Residential Care Limited (**Radius**) is focused on the high acuity and specialist care segment of the market being hospital, dementia, psychogeriatric, physical and intellectual care. In addition, Radius also provides in-home care services. Radius has 1,789 care beds and 148 ILU's across 23 sites. Radius has more than 1,700 employees.



### APPENDIX C – INDEPENDENT PROPERTY VALUATION OVERVIEW

The valuation approach adopted valuer (CBRE/JLL) ascribes value to the following component parts of each retirement village including:

- cash flows generated from the sale and resale of ORAs for all occupied ILUs and SAs (including Care Suites);
- cash flows derived from the fee income and costs associated with providing rest home, hospital and dementia care to residents in care facilities;
- net cash outgoings arising from the difference between service fee income paid by residents and costs associated with the daily operation and management of the village;
- unsold stock at the valuation date being either newly built ILUs, SAs or Care Suites or ORAs for units that were previously occupied and are for resale; and
- development land, including land where there had been improvements made on the basis that no value was ascribed to any earthworks, infrastructure or building construction in progress as these improvements are accounted for separately at cost by the retirement village operator as investment property under construction until such time as the works are complete.

A DCF approach is taken to value the cash flows from the sale and resales of ORAs and net outgoings from village operations.

Care facilities and living well centres are valued separately as a going concern using capitalisation and sales comparison approaches. Unsold stock value reflects market evidence and conditions at the time of valuation and may factor in a discount that normally includes marketing and sale costs, holding costs and a profit and risk factor. The value of development land was valued using the conventional sales comparison approach.

The valuation of the retirement villages do not include an allocation of corporate overheads.

### APPENDIX D – VALUATION METHODOLOGY DESCRIPTIONS

#### Capitalisation of Earnings

Capitalisation of earnings or cash flows is most appropriate for businesses with a substantial operating history and a consistent earnings trend that is sufficiently stable to be indicative of ongoing earnings potential. This methodology is not particularly suitable for start-up businesses, businesses with an erratic earnings pattern or businesses that have unusual expenditure requirements. This methodology involves capitalising the earnings or cash flows of a business at a multiple that reflects the risks of the business and the stream of income that it generates. These multiples can be applied to a number of different earnings or cash flow measures including EBITDA, EBITA, EBIT or net profit after tax. These are referred to respectively as EBITDA multiples, EBITA multiples, EBIT multiples and price earnings multiples. Price earnings multiples are commonly used in the context of the share market. EBITDA, EBITA and EBIT multiples are more commonly used in valuing whole businesses for acquisition purposes where gearing is in the control of the acquirer.

Where an ongoing business with relatively stable and predictable earnings is being valued Grant Samuel uses capitalised earnings or operating cash flows as a primary reference point. Application of this valuation methodology involves:

- estimation of earnings or cash flow levels that a purchaser would utilise for valuation purposes having regard to historical and forecast operating results, non-recurring items of income and expenditure and known factors likely to impact on operating performance; and
- consideration of an appropriate capitalisation multiple having regard to the market rating of comparable businesses, the extent and nature of competition, the time period of earnings used, the quality of earnings, growth prospects and relative business risk.

The choice between the parameters is usually not critical and should give a similar result. All are commonly used in the valuation of industrial businesses. EBITDA can be preferable if depreciation or non-cash charges distort earnings or make comparisons between companies difficult but care needs to be exercised to ensure that proper account is taken of factors such as the level of capital expenditure needed for the business and whether or not any amortisation costs also relate to ongoing cash costs. EBITA avoids the distortions of goodwill amortisation. EBIT can better adjust for differences in relative capital intensity.

Determination of the appropriate earnings multiple is usually the most judgemental element of a valuation. Definitive or even indicative offers for a particular asset or business can provide the most reliable support for selection of an appropriate earnings multiple. In the absence of meaningful offers, it is necessary to infer the appropriate multiple from other evidence.

The primary approach used by valuers is to determine the multiple that other buyers have been prepared to pay for similar businesses in the recent past. However, each transaction will be the product of a unique combination of factors, including:

- economic factors (e.g. economic growth, inflation, interest rates) affecting the markets in which the company operates;
- strategic attractions of the business - its particular strengths and weaknesses, market position of the business, strength of competition and barriers to entry;
- rationalisation or synergy benefits available to the acquirer;
- the structural and regulatory framework;
- investment and sharemarket conditions at the time; and
- the number of competing buyers for a business.

A pattern may emerge from transactions involving similar businesses with sales typically taking place at prices corresponding to earnings multiples within a particular range. While averages or medians can be determined it is not appropriate to simply apply such measures to the business being valued. The range will generally reflect the growth prospects and risks of those businesses. Mature, low growth businesses will, in the absence of other factors, attract lower multiples than those businesses with potential for significant growth in earnings. The most important part of valuation is to evaluate the attributes of the specific business being valued and to distinguish it from its peers so as to form a judgement as to where on the spectrum it appropriately belongs.

An alternative approach in valuing businesses is to review the multiples at which shares in listed companies in the same industry sector trade on the sharemarket. This gives an indication of the price levels at which portfolio investors are prepared to invest in these businesses. Share prices reflect trades in small parcels of shares (portfolio interests) rather than whole companies and it is necessary to adjust for this factor. To convert sharemarket data to meaningful information on the valuation of companies as a whole, it is market practice to add a "premium for control" to allow for the premium which is normally paid to obtain control through a takeover offer. This premium is typically in the range 20-35%.

The premium for control paid in takeovers is observable but caution must be exercised in assessing the value of a company or business based on the market rating of comparable companies or businesses. The premium for control is an outcome of the valuation process, not a determinant of value. Premiums are paid for reasons that vary from case to case and may be substantial due to synergy or other benefits available to the acquirer. In other situations premiums may be minimal or even zero. It is inappropriate to apply an average premium of 20-35% without having regard to the circumstances of each case. In some situations there is no premium. There are transactions where no corporate buyer is prepared to pay a price in excess of the prices paid by institutional investors through an initial public offering.

Acquisitions of listed companies in different countries can be analysed for comparative purposes, but it is necessary to give consideration to differences in overall sharemarket levels and ratings between countries, economic factors (economic growth, inflation, interest rates) and market structures (competition etc.) and the regulatory framework. It is not appropriate to adjust multiples in a mechanistic way for differences in interest rates or sharemarket levels.

The analysis of comparable transactions and sharemarket prices for comparable companies will not always lead to an obvious conclusion as to which multiple or range of multiples will apply. There will often be a wide spread of multiples and the application of judgement becomes critical. Moreover, it is necessary to consider the particular attributes of the business being valued and decide whether it warrants a higher or lower multiple than the comparable companies. This assessment is essentially a judgement.

#### **Discounted Cash Flow**

Discounting of projected cash flows has a strong theoretical basis. It is the most commonly used method for valuation in a number of industries, and for the valuation of start-up projects where earnings during the first few years can be negative. DCF valuations involve calculating the net present value of projected cash flows. This methodology is able to explicitly capture the effect of a turnaround in the business, the ramp up to maturity or significant changes expected in capital expenditure patterns. The cash flows are discounted using a discount rate, which reflects the risk associated with the cash flow stream. Considerable judgement is required in estimating future cash flows and it is generally necessary to place great reliance on medium to long-term projections prepared by management. The discount rate is also not an observable number and must be inferred from other data (usually only historical). None of this data is particularly reliable so estimates of the discount rate necessarily involve a substantial element of judgment. In addition, even where cash flow forecasts are available the terminal or continuing value is usually a high proportion of value. Accordingly, the multiple used in assessing this terminal value becomes the critical determinant in the valuation (i.e. it is a "de facto" cash flow capitalisation valuation). The net present value is typically extremely sensitive to relatively small changes in underlying assumptions, few of which are capable of being predicted with accuracy, particularly beyond the first two or three years. The arbitrary assumptions that need to be made and the width of any value range mean the results are often not meaningful or reliable. Notwithstanding these limitations, DCF valuations are commonly used and can at least play a role in

## Annexure A: Independent Adviser's Report

providing a check on alternative methodologies, not least because explicit and relatively detailed assumptions need to be made as to the expected future performance of the business operations.

### **Industry Rules of Thumb**

Industry rules of thumb are commonly used in some industries. These are generally used by a valuer as a “cross check” of the result determined by a capitalised earnings valuation or by discounting cash flows, but in some industries rules of thumb can be the primary basis on which buyers determine prices.

### **Realisation of Assets**

Valuations based on an estimate of the aggregate proceeds from an orderly realisation of assets are commonly applied to businesses that are not going concerns. They effectively reflect liquidation values and typically attribute no value to any goodwill associated with ongoing trading.

## APPENDIX E – INTERPRETATION OF MULTIPLES

Earnings multiples are normally benchmarked against two primary sets of reference points:

- the multiples implied by the share prices of listed peer group companies; and
- the multiples implied by the prices paid in acquisitions of other companies in the same industry.

In interpreting and evaluating such data it is necessary to recognise that:

- multiples based on listed company share prices do not include a premium for control and are therefore often (but not always) less than multiples that would apply to acquisitions of controlling interests in similar companies. However, while the premium paid to obtain control in takeovers is observable (typically in the range 15-30%) it is inappropriate to simply add a premium to listed multiples. The premium for control is an outcome of the valuation process, not a determinant of value. Premiums are paid for reasons that vary from case to case and may be substantial due to synergy or other benefits available to the acquirer. In other situations premiums may be minimal or even zero. There are transactions where no corporate buyer is prepared to pay a price in excess of the prices paid by share market investors;
- acquisition multiples from comparable transactions are therefore usually seen as a better guide when valuing 100% of a business but the data tends to be less transparent and information on forecast earnings is often unavailable;
- the analysis will give a range of outcomes from which averages or medians can be determined but it is not appropriate to simply apply such measures to the company being valued. The most important part of valuation is to evaluate the attributes of the specific company being valued and to distinguish it from its peers so as to form a judgement as to where on the spectrum it belongs;
- acquisition multiples are a product of the economic and other circumstances at the time of the transaction. However, each transaction will be the product of a unique combination of factors, including:
  - economic factors (e.g. economic growth, inflation, interest rates) affecting the markets in which the company operates;
  - strategic attractions of the business – its particular strengths and weaknesses, market position of the business, strength of competition and barriers to entry;
  - the company's own performance and growth trajectory;
  - rationalisation or synergy benefits available to the acquirer;
  - the structural and regulatory framework;
  - investment and share market conditions at the time, and
  - the number of competing buyers for a business;
- acquisitions and listed companies in different countries can be analysed for comparative purposes, but it is necessary to give consideration to differences in overall share market levels and rating between countries, economic factors (economic growth, inflation, interest rates), market structure (competition etc) and the regulatory framework. It is not appropriate to adjust multiples in a mechanistic way for differences in interest rates or share market levels;
- acquisition multiples are based on the target's earnings but the price paid normally reflects the fact that there were cost reduction opportunities or synergies available to the acquirer (at least if the acquirer is a "trade buyer" with existing businesses in the same or a related industry). If the target's earnings were adjusted for these cost reductions and/or synergies the effective multiple paid by the acquirer would be lower than that calculated on the target's earnings;

## Annexure A: Independent Adviser's Report

- while EBITDA multiples are commonly used benchmarks they are an incomplete measure of cash flow. The appropriate multiple is affected by, among other things, the level of capital expenditure (and working capital investment) relative to EBITDA. In this respect:
  - EBIT multiples can in some circumstances be a better guide because (assuming depreciation is a reasonable proxy for capital expenditure) they effectively adjust for relative capital intensity and present a better approximation of free cash flow. However, capital expenditure is lumpy and depreciation expense may not be a reliable guide. In addition, there can be differences between companies in the basis of calculation of depreciation; and
  - businesses that generate higher EBITDA margins than their peer group companies will, all other things being equal, warrant higher EBITDA multiples because free cash flow will, in relative terms, be higher (as capital expenditure is a smaller proportion of earnings).



## APPENDIX F – QUALIFICATIONS, DECLARATIONS AND CONSENTS

### 1. Qualifications

The Grant Samuel group of companies provides corporate advisory services in relation to mergers and acquisitions, capital raisings, corporate restructuring and financial matters generally. One of the primary activities of Grant Samuel is the preparation of corporate and business valuations and the provision of independent advice and expert's reports in connection with mergers and acquisitions, takeovers and capital reconstructions. Since inception in 1988, Grant Samuel and its related companies have prepared more than 400 public expert and appraisal reports.

The persons responsible for preparing this report on behalf of Grant Samuel are Michael Lorimer, BCA, Peter Jackson, BCom, CA, Christopher Smith, BCom, PGDipFin, MAppFin and Jake Sheehan, BCom (Hons). Each has a significant number of years of experience in relevant corporate advisory matters.

### 2. Limitations and Reliance on Information

Grant Samuel's opinion is based on economic, market and other conditions prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time. The report is based upon financial and other information provided by the directors, management and advisers of Arvida. Grant Samuel has considered and relied upon this information. Grant Samuel believes that the information provided was reliable, complete and not misleading and has no reason to believe that any material facts have been withheld.

The information provided has been evaluated through analysis, enquiry, and review for the purposes of forming an opinion as to the underlying value of Arvida. However, in such assignments time is limited and Grant Samuel does not warrant that these inquiries have identified or verified all of the matters which an audit, extensive examination or "due diligence" investigation might disclose.

In any event, an analysis of the merits of the Scheme is in the nature of an overall opinion rather than an audit or detailed investigation. In addition, preparation of this report does not imply that Grant Samuel has audited in any way the management accounts or other records of Arvida. It is understood that, where appropriate, the accounting information provided to Grant Samuel was prepared in accordance with generally accepted accounting practice and in a manner consistent with methods of accounting used in previous years.

An important part of the information base used in forming an opinion of the kind expressed in this report is the opinions and judgement of the management of the relevant enterprise. That information was also evaluated through analysis, enquiry and review to the extent practicable. However, it must be recognised that such information is not always capable of external verification or validation.

The information provided to Grant Samuel included projections of future revenue, expenditures, profits and cash flows of Arvida prepared by the management of Arvida. Grant Samuel has used these projections for the purpose of its analysis. Grant Samuel has assumed that these projections were prepared accurately, fairly and honestly based on information available to management at the time and within the practical constraints and limitations of such projections. It is assumed that the projections do not reflect any material bias, either positive or negative. Grant Samuel has no reason to believe otherwise.

However, Grant Samuel in no way guarantees or otherwise warrants the achievability of the projections of future profits and cash flows for Arvida. Projections are inherently uncertain. Projections are predictions of future events that cannot be assured and are necessarily based on assumptions, many of which are beyond the control of management. The actual future results may be significantly more or less favourable.



## Annexure A: Independent Adviser's Report

To the extent that there are legal issues relating to assets, properties, or business interests or issues relating to compliance with applicable laws, regulations, and policies, Grant Samuel assumes no responsibility and offers no legal opinion or interpretation on any issue. In forming its opinion, Grant Samuel has assumed, except as specifically advised to it, that:

- the title to all such assets, properties, or business interests purportedly owned by Arvida is good and marketable in all material respects, and there are no material adverse interests, encumbrances, engineering, environmental, zoning, planning or related issues associated with these interests, and that the subject assets, properties, or business interests are free and clear of any and all material liens, encumbrances or encroachments;
- there is compliance in all material respects with all applicable national and local regulations and laws, as well as the policies of all applicable regulators other than as publicly disclosed, and that all required licences, rights, consents, or legislative or administrative authorities from any government, private entity, regulatory agency or organisation have been or can be obtained or renewed for the operation of the business of Arvida, other than as publicly disclosed;
- various contracts in place and their respective contractual terms will continue and will not be materially and adversely influenced by potential changes in control; and
- there are no material legal proceedings regarding the business, assets or affairs of Arvida, other than as publicly disclosed.

### 3. Disclaimers

It is not intended that this report should be used or relied upon for any purpose other than as an expression of Grant Samuel's opinion as to the merits of the Scheme. Grant Samuel expressly disclaims any liability to any Arvida security holder who relies or purports to rely on the report for any other purpose and to any other party who relies or purports to rely on the report for any purpose whatsoever.

This report has been prepared by Grant Samuel with care and diligence and the statements and opinions given by Grant Samuel in this report are given in good faith and in the belief on reasonable grounds that such statements and opinions are correct and not misleading. However, no responsibility is accepted by Grant Samuel or any of its officers or employees to the extent allowed by law for errors or omissions however arising in the preparation of this report, provided that this shall not absolve Grant Samuel from liability arising from an opinion expressed recklessly or in bad faith.

Grant Samuel has had no involvement in the preparation of the Scheme Booklet (except for this report) issued by Arvida and has not verified or approved any of the contents of the Scheme Booklet (except for this report). Grant Samuel does not accept any responsibility for the contents of the Scheme Booklet (except for this report).

### 4. Independence

Grant Samuel and its related entities do not have any shareholding in or other relationship or conflict of interest with Arvida or its subsidiaries that could affect its ability to provide an unbiased opinion in relation to the Scheme. Grant Samuel had no part in the formulation of the Scheme. Its only role has been the preparation of this report. Grant Samuel will receive a fixed fee for the preparation of this report. This fee is not contingent on the outcome of the Scheme. Grant Samuel will receive no other benefit for the preparation of this report. Grant Samuel considers itself to be independent for the purposes of the Code.

### 5. Information

Grant Samuel has obtained all the information that it believes is desirable for the purposes of preparing this report, including all relevant information which is or should have been known to any Director of Arvida and



made available to the Directors. Grant Samuel confirms that in its opinion the information provided by Arvida and contained within this report is sufficient to enable Arvida shareholders to understand all relevant factors and make an informed decision in respect of the Scheme. The following information was used and relied upon in preparing this report:

### **5.1 Publicly Available Information**

- Scheme Implementation Agreement between Stonepeak and Arvida;
- Arvida's Annual Reports for the financial years ended 31 March 2017 to 2024;
- Arvida's presentations for the financial years ended 31 March 2017 to 2024; and
- Broker research, industry reports and press articles.

### **5.2 Non Public Information**

- Arvida's management forecast model to 31 March 2034;
- Arvida's management accounts for FY24;
- Arvida's FY25 Budget;
- JLL and CBRE Property Valuation Reports as at 31 March 2024; and
- Arvida's 2024 Board Papers.

## **6. Declarations**

Arvida has agreed that it will indemnify Grant Samuel and its employees and officers in respect of any liability suffered or incurred as a result of or in connection with the preparation of the report. This indemnity will not apply in respect of the proportion of any liability found by a Court to be primarily caused by any conduct involving gross negligence or wilful misconduct by Grant Samuel. Arvida has also agreed to indemnify Grant Samuel and its employees and officers for time spent and reasonable legal costs and expenses incurred in relation to any inquiry or proceeding initiated by any person. Where Grant Samuel or its employees and officers are found to have been grossly negligent or engaged in wilful misconduct Grant Samuel shall bear the proportion of such costs caused by its action. Any claims by Arvida are limited to an amount equal to the fees paid to Grant Samuel.

Advance drafts of this report were provided to the directors and executive management of Arvida. Certain changes were made to the drafting of the report as a result of the circulation of the draft report. There was no alteration to the methodology, evaluation or conclusions as a result of issuing the drafts.

## **7. Consents**

Grant Samuel consents to the issuing of this report in the form and context in which it is to be included in the Scheme Booklet to be sent to shareholders of Arvida. Neither the whole nor any part of this report nor any reference thereto may be included in any other document without the prior written consent of Grant Samuel as to the form and context in which it appears.

# ANNEXURE B:

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## SCHEME PLAN

## SCHEME OF ARRANGEMENT UNDER PART 15 OF THE COMPANIES ACT 1993

### PARTIES

**Arvida Group Limited** (*Arvida*)

**Stonepeak Alps BidCo Limited** (*Stonepeak*)

**Each person who is registered in the Register as the holder of one or more Scheme Shares** (together the *Scheme Shareholders*)

### 1. DEFINITIONS AND INTERPRETATION

1.1 **Definitions:** In this Scheme Plan, unless the context otherwise requires:

*Business Day* means a day (other than a Saturday, Sunday or public holiday) on which banks are generally open in Auckland, New Zealand, New York City, New York, United States of America and Singapore for normal business, and excluding any day between 25 December 2024 and 5 January 2025 (both dates inclusive);

*Companies Act* means the Companies Act 1993;

*Computershare* means Computershare Investor Services Limited;

*Conditions* mean:

- (a) the conditions precedent set out in the first column of the table in clause 3.1 of the Scheme Implementation Agreement; and
- (b) such other conditions made or required by the Court under section 236(1) or section 237(1) of the Companies Act and approved in writing by Arvida and Stonepeak in accordance with clause 3.2 of the Scheme Implementation Agreement;

*Consideration* means:

- (a) \$1.70 in cash in respect of each Scheme Share held by a Scheme Shareholder, reduced by the per Share value of any dividend the record date for which falls between the date of the Scheme Implementation Agreement and the Implementation Date; or
- (b) such other amount notified to Arvida by Stonepeak in accordance with clause 7.1;

*Court* means the High Court of New Zealand, Auckland Registry;

*Deed Poll* means the deed poll entered into by Stonepeak in favour of the Scheme Shareholders;

*Encumbrance* means:

- (a) any security interest (within the meaning of section 17(1)(a) of the Personal Property Securities

Act 1999) and any option, right to acquire, right of pre-emption, assignment by way of security or trust arrangement for the purpose of providing security, retention arrangement or other security interest of any kind (other than any reservation of title by suppliers in the ordinary course of business); and

- (b) any agreement to create any of the foregoing;

*End Date* has the meaning given to that term in the Scheme Implementation Agreement;

*Escrow Agreement* means the escrow agreement dated 26 August 2024 between Stonepeak, Arvida and Computershare;

*Excluded Shares* means any Shares nominated in writing by Stonepeak to Arvida not less than two Business Days prior to the Record Date which are held or controlled by Stonepeak or any of its Associates at 5.00pm on the Record Date;

*Final Orders* means orders made, on application of Arvida, that the Scheme shall be binding on Arvida, Stonepeak, the Scheme Shareholders and such other persons or class of persons as the Court may specify, in accordance with section 236(1) (and section 237, if applicable) of the Companies Act;

*Final Orders Date* means the day on which the Final Orders are granted by the Court;

*Funds* has the meaning given to that term in clause 3.1;

*Government Agency* means any government, department, officer or minister of any government and any governmental, semi-governmental, regulatory, administrative, fiscal, judicial or quasi-judicial agency, authority, board, commission, tribunal or entity;

*Hyperwallet* means Hyperwallet Systems Inc. (a company incorporated under the federal laws of Canada) including any of its related companies;

*Implementation Date* means the day on which the Scheme is to be implemented, being the date which is 12 Business Days after the Record Date, or such other date as Stonepeak and Arvida agree in writing, and *Implementation* correspondingly means the time at which implementation commences with the first step under clause 4.1(d);

*NZX* means NZX Limited and, where the context requires, the main board financial market that it operates;

*NZX Listing Rules* means the NZX Listing Rules as amended from time to time;

*Record Date* means 5.00 pm on the date which is 4 Business Days after the Final Orders Date or such other date Stonepeak and Arvida agree in writing;

## Annexure B: Scheme Plan

*Register* means the Share register maintained by Computershare on behalf of Arvida;

*Registered Address* means, in relation to a Shareholder, the address of that Shareholder shown in the Register as at the Record Date;

*Scheme* means this scheme of arrangement, subject to any alterations or conditions made or required by the Court under Part 15 of the Companies Act and approved by Arvida and Stonepeak in writing;

*Scheme Implementation Agreement* means the scheme implementation agreement dated 20 July 2024 between Arvida and Stonepeak;

*Scheme Meeting* means the meeting of Shareholders ordered by the Court to be convened pursuant to the Initial Orders in respect of the Scheme and includes any adjournment of that meeting;

*Scheme Shareholder* means a person who is registered in the Register as the holder of one or more Scheme Shares as at the Record Date;

*Scheme Shares* means all of the Shares on issue at 5.00pm on the Record Date other than Excluded Shares;

*Share* means a fully paid ordinary share in the capital of Arvida;

*Shareholder* means a person who is registered in the Register as the holder of one or more Shares from time to time;

*Takeovers Panel* means the Takeovers Panel established by section 5(1) of the Takeovers Act 1993;

*Trading Halt Date* means the date which is two Business Days after the Final Orders Date or such other date as Stonepeak and Arvida agree in writing;

*Trust Account* has the meaning given to that term in clause 3.1; and

*Unconditional* means all of the Conditions having been satisfied or, if capable of waiver in accordance with the Scheme Implementation Agreement, waived.

**1.2 Interpretation:** In this Scheme Plan, unless the context otherwise requires:

- (a) headings are to be ignored in construing this document;
- (b) the singular includes the plural and vice versa;
- (c) words of any gender include all genders;
- (d) a reference to a clause, is a reference to a clause of this Scheme Plan;
- (e) a reference to a statute or other law includes regulations and other instruments under it and consolidations,

amendments, re-enactments or replacements of any of them;

- (f) reference to any document (including this Scheme Plan) includes reference to that document (and, where applicable, any of its provisions) as amended, novated, supplemented, or replaced from time to time;
- (g) reference to a party, person or entity includes:
  - (i) an individual, partnership, firm, company, body corporate, corporation, association, trust, estate, state, government or any agency thereof, municipal or local authority and any other entity, whether incorporated or not (in each case whether or not having a separate legal personality); and
  - (ii) an employee, sub-contractor, agent, successor, permitted assign, executor, administrator and other representative of such party, person or entity;
- (h) written and in writing include any means of reproducing words, figures or symbols in a tangible and visible form;
- (i) the words including or includes do not imply any limitation;
- (j) a reference to any time is a reference to that time in New Zealand; and
- (k) references to money or \$ are to New Zealand dollars.

### 1.3 Things required to be done other than on a Business Day:

Unless otherwise indicated, if the day on which any act, matter or thing is to be done is a day other than a Business Day, that act, matter or thing must be done on or by the next Business Day.

**1.4 No contra proferentem:** No term or condition of this Scheme Plan will be construed adversely to a party solely because that party was responsible for the preparation of this Scheme Plan or a provision of it.

**1.5 Defined terms:** Capitalised terms which are used but not otherwise defined in this Scheme Plan have the meanings given to them in the Scheme Implementation Agreement.

## 2. CONDITIONS

**2.1 Conditions:** The implementation of the Scheme is conditional in all respects on:

- (a) all of the Conditions having been satisfied or waived in accordance with the terms of the Scheme Implementation Agreement by 8.00am on the Implementation Date; and
- (b) neither the Scheme Implementation Agreement nor the Deed Poll having been terminated in

accordance with its terms before 8.00am on the Implementation Date.

### 3. CONSIDERATION INTO TRUST ACCOUNT

#### 3.1 Obligation to pay Consideration into Trust

**Account:** Subject to the Scheme Implementation Agreement not having been terminated and the Scheme having become Unconditional (except for the Conditions set out in clauses 3.1(e), (f) and (g) of the Scheme Implementation Agreement), Stonepeak must, by no later than 5.00pm on the Business Day before the Implementation Date, deposit (or procure the deposit of) in immediately available cleared funds an amount equal to the aggregate amount of the Consideration payable to Scheme Shareholders in a New Zealand dollar denominated trust account operated by Computershare and notified by Computershare to Stonepeak no later than 5.00pm on the Business Day falling 10 Business Days before the Implementation Date (the *Funds* and that account the *Trust Account*) to be held and dealt with by Computershare in accordance with this Scheme Plan and the Escrow Agreement.

#### 3.2 Details of Trust Account:

- (a) The Trust Account will be established and operated by Computershare in accordance with the Escrow Agreement.
- (b) Prior to payment of the Consideration in accordance with clause 4.1(e) and clause 5, Computershare will hold all amounts deposited by Stonepeak into the Trust Account on trust for Stonepeak and to its order under the Escrow Agreement.
- (c) The details of the Trust Account will be provided to Stonepeak by (or on behalf of) Computershare not less than 10 Business Days before the Implementation Date.

3.3 **Interest:** Any interest earned on the amount deposited in the Trust Account up to Implementation will be payable to Stonepeak by Computershare as directed by Stonepeak in writing (less bank fees and other third party charges relating to the Trust Account).

3.4 **Scheme not implemented:** Should the implementation of the Scheme not occur by 5.00pm on the Implementation Date for any reason or the Scheme becomes void under clause 7.5, Computershare will immediately repay the Funds to Stonepeak to such New Zealand dollar denominated account instructed to Computershare by Stonepeak in accordance with the Escrow Agreement.

## 4. IMPLEMENTATION

### 4.1 Implementation: Subject to:

- (a) any amendments or variations as may be required by the Court;
- (b) Arvida and Stonepeak providing Computershare with written notice that the Scheme is Unconditional in accordance with the Escrow Agreement after 8.00am and prior to 9.00am on the Implementation Date; and
- (c) the Consideration having been deposited into the Trust Account in accordance with clause 3.1 and Computershare confirming in writing to Arvida and Stonepeak that this has occurred,

commencing at 9.00am on the Implementation Date, the following steps will occur sequentially:

- (d) without any further act or formality, all the Scheme Shares, together with all rights and entitlements attaching to them as at the Implementation Date, will be transferred to Stonepeak, and Arvida must enter, or procure Computershare enter, the name of Stonepeak in the Register as holder of all of the Scheme Shares; and
- (e) subject to compliance in full with clause 4.1(d), Stonepeak is deemed to have irrevocably authorised and instructed Computershare to pay or procure the payment from the Trust Account of the Consideration to each Scheme Shareholder based on the number of Scheme Shares held by that Scheme Shareholder as set out in the Register as at the Record Date in accordance with clause 5.

## 5. PAYMENT OF CONSIDERATION

5.1 **Method of payment:** The payment obligations under clause 4.1(e) will be satisfied by:

- (a) where a Scheme Shareholder has, prior to the Record Date, provided bank account details to enable Computershare and Arvida to make payments of New Zealand dollars by electronic funds transfer, Computershare must pay the Consideration in New Zealand dollars to the Scheme Shareholder by electronic funds transfer of the relevant amount to the bank account nominated by that Scheme Shareholder;
- (b) where a Scheme Shareholder that has an address outside of New Zealand has, prior to the Record Date, registered to be paid by Hyperwallet, Computershare must transfer the Consideration owed to such Scheme Shareholder to the New Zealand dollar denominated trust account operated by Hyperwallet and instruct Hyperwallet to pay that Consideration (less any applicable costs and fees) to such Scheme Shareholder (in the currency nominated by such Scheme Shareholder to Hyperwallet), ; or

## Annexure B: Scheme Plan

- (c) where a Scheme Shareholder has not provided the information and/or taken the steps contemplated by clauses 5.1(a) and 5.1(b) to enable payment to be made to such Scheme Shareholder in a manner contemplated by one of those clauses (or if an electronic payment to such Scheme Shareholder is rejected by the recipient bank), Computershare must retain the Consideration owed to that Scheme Shareholder in the Trust Account to be claimed by the Scheme Shareholder in accordance with clause 5.5.

If a Shareholder has given more than one payment direction, then the later direction in time of receipt will be followed.

### 5.2 **Joint holders:** In the case of Scheme Shares held in joint names:

- (a) the Consideration is payable to the bank account nominated by the joint holders or, at the sole discretion of Arvida, nominated by the holder whose name appears first in the Register as at the Record Date; and
- (b) any other document required to be sent under this Scheme Plan will be sent to either, at the sole discretion of Arvida, the holder whose name appears first in the Register as at the Record Date or to the joint holders.

### 5.3 **Surplus in Trust Account:** To the extent that, following satisfaction of the obligations under clause 4.1(e), there is a surplus in the Trust Account, that surplus (less the aggregate amount of the Consideration retained in the Trust Account in accordance with clause 5.1(c) or clause 5.6(b), and less bank fees and other third party charges relating to the Trust Account) shall be promptly paid in full to Stonepeak as directed by Stonepeak in writing.

### 5.4 **Holding on Trust:** Arvida must, in respect of any monies retained by Computershare pursuant to clause 5.1(c) or clause 5.6(b), instruct Computershare to hold such monies in the Trust Account on trust for the relevant Scheme Shareholders for a period of two years and thereafter, subject to clause 5.6, to pay any remaining money in the Trust Account to Arvida.

### 5.5 **Unclaimed monies:** During the period of two years commencing on the Implementation Date, on request in writing from a Scheme Shareholder that has not received payment of the Consideration in accordance with clause 5.1(a) or 5.1(b), Computershare must, if such Scheme Shareholder has taken the necessary steps required to effect payment to such Scheme Shareholder in a manner contemplated by clause 5.1(a) or 5.1(b), pay to that Scheme Shareholder the Consideration held on trust for that Scheme Shareholder in a manner contemplated by clause 5.1(a) or 5.1(b) (or in any other manner approved by Computershare and agreed to by that Scheme Shareholder).

### 5.6 **Orders of a court or Government Agency:**

Notwithstanding any other provision of this Scheme Plan, if written notice is given to Arvida prior to the Record Date of an order or direction made by a court of competent jurisdiction or a Government Agency that:

- (a) requires Consideration to be provided to a third party in respect of Scheme Shares held by a particular Scheme Shareholder, which would otherwise be payable to that Scheme Shareholder in accordance with clause 4.1(e), Arvida will be entitled to procure, and Stonepeak will be deemed to have instructed Computershare to ensure, that provision of that Consideration is made in accordance with that order or direction; or
- (b) prevents the Consideration from being provided to any particular Scheme Shareholder in accordance with clause 4.1(e), or the payment of such Consideration is otherwise prohibited by applicable law, the payment (equal to the number of Scheme Shares held by that Scheme Shareholder multiplied by the Consideration) will be retained in the Trust Account until such time as provision of the Consideration to the Scheme Shareholder in accordance with clause 4.1(e) or clause 5.5 (as applicable) is permitted by that order or direction or otherwise by law,

and such provision or retention (as the case may be) will constitute the full discharge of Stonepeak's and Arvida's obligations under clause 4.1(e) with respect to the amount so provided or retained.

### 5.7 **Exchange Rate:** If a Scheme Shareholder elects to be paid by Hyperwallet in a foreign currency as contemplated by clause 5.1(b), the conversion of the Consideration into such foreign currency will be undertaken in a manner and at an exchange rate determined by Hyperwallet, and neither Arvida nor Stonepeak will be responsible for (or have any liability in connection with) any such conversion (including for the exchange rate at which the relevant conversion occurs).

## 6. **DEALING IN SHARES**

### 6.1 **Trading Halt:**

- (a) Following the sealing of the Final Orders Arvida will advise NZX of the grant of the Final Orders and, once known, the Trading Halt Date and Record Date and use its reasonable endeavours to procure that the NZX suspend trading in the Shares from the close of trading on the Trading Halt Date.
- (b) Arvida must not accept for registration, nor recognise for any purpose (except a transfer to Stonepeak pursuant to this Scheme Plan and any subsequent transfer by Stonepeak or its successors in title), any transfer or transmission application or other request received after 5.00pm on the Record Date or received



prior to such time, but not in registrable or actionable forms.

## 6.2 Register:

- (a) Arvida must register registrable transmission applications or registrable transfers of Shares received prior to the Trading Halt Date before 5.00pm on the Record Date provided that, for the avoidance of doubt, nothing in this clause 6.2(a) requires Arvida to register a transfer that relates to a transfer of Shares on which Arvida has a lien.
- (b) A holder of Scheme Shares (and any person claiming through that holder) must not dispose of, or purport or agree to dispose of, any Scheme Shares, or any interest in them, after 5.00pm on the Trading Halt Date otherwise than pursuant to this Scheme Plan, and any attempt to do so will have no effect and Arvida and Stonepeak shall be entitled to disregard any such disposal.
- (c) For the purposes of determining entitlements to the Consideration, but subject to the requirements of the NZX Listing Rules, Arvida must maintain the Register in accordance with the provisions of this clause 6 until the Consideration has been paid to the Scheme Shareholders. The Register in this form will solely determine entitlements to the Consideration.
- (d) From 5.00pm on the Record Date, each entry that is current on the Register (other than entries on the Register in respect of Excluded Shares), will cease to have effect except as evidence of entitlement to the Consideration in respect of the Shares relating to that entry.
- (e) As soon as possible on the first Business Day after the Record Date and in any event by 5.00pm on that day, Arvida must make available to Stonepeak in the form Stonepeak reasonably requires, details of the names, Registered Addresses and holdings of Shares for each Scheme Shareholder as shown in the Register on the Record Date.

## 7. GENERAL PROVISIONS

**7.1 Amendments to Consideration:** Stonepeak may increase the Consideration by written notice at any time to Arvida prior to the Scheme Meeting, provided that the Scheme Implementation Agreement has not been terminated in accordance with its terms prior to the receipt of such notice by Arvida.

### 7.2 Title to and rights in Scheme Shares:

- (a) To the extent permitted by law, the Scheme Shares (including all rights and entitlements attaching to the Scheme Shares) transferred under this Scheme Plan to Stonepeak will, at the time of transfer to Stonepeak, vest in Stonepeak free from all

Encumbrances and free from any restrictions on transfer of any kind.

- (b) Each Scheme Shareholder is taken to have warranted to Stonepeak on the Implementation Date that all their Scheme Shares (including any rights and entitlements attaching to those shares) which are transferred under this Scheme Plan will, at the time of transfer, be fully paid and free from all Encumbrances and restrictions on transfer of any kind, and that they have full power and capacity to transfer their Shares to Stonepeak together with any rights and entitlements attaching to those Shares.

**7.3 Authority given to Arvida:** Each Scheme Shareholder, without the need for any further act:

- (a) on the Final Orders Date, irrevocably appoints Arvida as its attorney and agent for the purpose of enforcing the Deed Poll against Stonepeak (but without limiting each Scheme Shareholder's right to itself enforce the Deed Poll); and
- (b) on the Implementation Date, irrevocably appoints Arvida as its attorney and agent for the purpose of executing any document or doing or taking any other act necessary, desirable or expedient to give effect to the Scheme and the transactions contemplated by it,

and Arvida accepts each such appointment. Each such attorney and agent, may sub-delegate its functions, authorities or powers under this clause 7.3 to one or more of Arvida's directors or senior managers.

### 7.4 Binding effect of Scheme:

- (a) The Scheme binds:
  - (i) Arvida;
  - (ii) Stonepeak; and
  - (iii) all of the Scheme Shareholders (including those who did not attend the Scheme Meeting to vote on the Scheme, did not vote at the Scheme Meeting, or voted against the Scheme at the Scheme Meeting).

- (b) In the event of any inconsistency, this Scheme Plan overrides the constitution of Arvida.

**7.5 End Date:** If the Scheme has not become Unconditional on or before the End Date, or if the Scheme Implementation Agreement is terminated in accordance with its terms at any time, this Scheme Plan is immediately void and of no further force or effect (other than any provision of the Scheme or this Scheme Plan relating to the repayment to Stonepeak of any Funds deposited in accordance with clause 3 and the interest thereon (less bank fees and other third party charges relating to the Trust Account)).

## Annexure B: Scheme Plan

- 7.6 **No liability when acting in good faith:** Each Scheme Shareholder agrees that none of the directors, officers, employees or advisers of Arvida or Stonepeak will be liable for anything done or omitted to be done in the performance of the Scheme in good faith.
- 7.7 **Successor obligations:** To the extent that any provision of the Scheme or this Scheme Plan imposes any obligation on Stonepeak or Arvida that continues or arises after the implementation of the Scheme, such obligation may instead be performed by any successor or related company of Stonepeak or Arvida (as applicable) in which case the obligation will be satisfied as if performed by Stonepeak or Arvida (as applicable).
- 7.8 **Governing law:**
- (a) This Scheme Plan and any non-contractual obligations arising out of or in connection with it is governed by and must be construed in accordance with the laws of New Zealand.
  - (b) The courts having jurisdiction in New Zealand have non-exclusive jurisdiction to settle any dispute arising out of or in connection with this Scheme Plan (including a dispute relating to any non-contractual obligations arising out of or in connection with this Scheme Plan) and the parties irrevocably submit to the non-exclusive jurisdiction of the courts having jurisdiction in New Zealand.

# **ANNEXURE C:**

## **DEED POLL**

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## Annexure C: Deed Poll

This **Deed Poll** is made on 2 August 2024

### PARTIES

**Stonepeak Alps BidCo Limited** (*Stonepeak*)

**Each registered holder of one or more Scheme Shares on the Record Date** (*Scheme Shareholders*)

### INTRODUCTION

- A. Arvida Group Limited (Arvida) and Stonepeak are parties to the Scheme Implementation Agreement.
- B. Arvida has agreed in the Scheme Implementation Agreement to propose a scheme of arrangement between Arvida, Stonepeak and the Scheme Shareholders, the effect of which will be that all Scheme Shares will be transferred to Stonepeak and Stonepeak will provide or procure the provision of the Consideration to the Scheme Shareholders.
- C. Stonepeak is entering into this Deed Poll for the purpose of undertaking in favour of Scheme Shareholders to pay the Consideration to Scheme Shareholders in accordance with the terms of the Scheme Plan.

### IT IS AGREED

#### 1. DEFINED TERMS AND INTERPRETATION

##### 1.1 Defined terms

In this Deed, unless the context requires otherwise:

Final Orders means orders made on application of Arvida, that the Scheme is binding on Arvida, Stonepeak, the Scheme Shareholders and such other persons or class of persons as the Court may specify, in accordance with section 236(1) (and section 237, if applicable) of the Companies Act;

Scheme Implementation Agreement means the scheme implementation agreement between Arvida and Stonepeak dated 20 July 2024;

Scheme Plan means the scheme plan attached as Annexure 1 to the Scheme Implementation Agreement, subject to any alterations or conditions approved by Stonepeak and Arvida in writing and which are disclosed to the Court prior to the Court making the Final Orders; and

words defined in the Scheme Plan which are not separately defined in this Deed Poll have the same meaning when used in this Deed Poll.

##### 1.2 Interpretation

Clauses 1.2 and 1.3 of the Scheme Plan apply to the interpretation of this Deed Poll, except that references to "this Scheme Plan" are to be read as reference to "this Deed Poll".

#### 2. NATURE OF THIS DEED POLL

##### 2.1 Third party rights and appointment of attorney

- (a) This Deed Poll is intended to, and does, confer a benefit on, and therefore may be relied on and enforced by, any Scheme Shareholder in accordance with its terms under Part 2, Subpart 1 of the Contract and Commercial Law Act 2017 (but not otherwise), even though the Scheme Shareholders are not party to the Deed Poll.
- (b) Under the Scheme Plan, each Scheme Shareholder appoints Arvida as the Scheme Shareholder's attorney and agent to enforce this Deed Poll against Stonepeak with effect on and from the date prescribed for such appointment in the Scheme Plan (but without limiting each Scheme Shareholder's right to itself enforce this Deed Poll).
- (c) Notwithstanding clauses 2.1(a) and 2.1(b), this Deed Poll may be varied by Stonepeak and Arvida in accordance with clause 8.2 without the approval of any Scheme Shareholder.

##### 2.2 Continuing obligations

This Deed Poll is irrevocable and, subject to clause 3, remains in full force and effect until either:

- (a) Stonepeak has fully performed its obligations under this Deed Poll; or
- (b) this Deed Poll is terminated under clause 3.2.

#### 3. CONDITIONS

##### 3.1 Conditions

This Deed Poll, and the obligations of Stonepeak under it, are conditional in all respects on the Scheme becoming Unconditional.

##### 3.2 Termination

The obligations of Stonepeak under this Deed Poll will automatically terminate, and the terms of this Deed Poll will be of no force or effect, if the Scheme Implementation Agreement is validly terminated in accordance with its terms before the Scheme becomes Unconditional, unless Stonepeak and Arvida otherwise agree in writing.

##### 3.3 Consequences of termination

If this Deed Poll is terminated under clause 3.2, then Stonepeak is released from its obligations to further perform this Deed Poll.

#### 4. SCHEME CONSIDERATION

- (a) Subject to the Scheme Implementation Agreement not having been terminated and the Scheme having become Unconditional (except for the Conditions set out in clauses 3.1(e), 3.1(f) and 3.1(g) of the Scheme Implementation Agreement), Stonepeak

undertakes in favour of each Scheme Shareholder to deposit, or procure the deposit of, in immediately available cleared funds, by no later than 5.00pm on the Business Day before the Implementation Date, an amount equal to the aggregate amount of the Consideration payable to all Scheme Shareholders as set out in the Scheme Plan, such deposit to be made into the Trust Account to be held and dealt with by Computershare in accordance with the Scheme Plan.

- (b) Subject to clause 3, Stonepeak irrevocably acknowledges and agrees that, subject to compliance in full by Arvida with its obligations under clause 4.1(d) of the Scheme Plan, the Consideration deposited into the Trust Account must be, and will be, paid in accordance with clause 4.1(e) and 5 of the Scheme Plan in satisfaction of the Scheme Shareholders' respective entitlements to receive the Consideration under the Scheme in accordance with the Scheme Plan.

## 5. WARRANTIES

Stonepeak warrants in favour of each Scheme Shareholder that:

- (a) it is a company validly existing under the laws of New Zealand;
- (b) it has the corporate power to enter into, and perform its obligations under, this Deed Poll and to carry out the transactions contemplated by this Deed Poll;
- (c) it has taken all necessary corporate action to authorise its entry into this Deed Poll and has taken, or will prior to the Implementation Date take, all necessary corporate action to authorise the performance of this Deed Poll and to carry out the transactions contemplated by this Deed Poll;
- (d) this Deed Poll is valid and binding on it and enforceable against it in accordance with its terms; and
- (e) this Deed Poll does not conflict with, or result in the breach of or default under, any provision of its constitution, or any writ, order or injunction, judgment, law, rule or regulation to which it is a party or subject or by which it is bound.

## 6. LIABILITY

- (a) Nothing in this Deed Poll precludes Scheme Shareholders from suing Stonepeak for specific performance if it does not comply with its obligations under clause 4.
- (b) Subject to clause 6(a), the maximum aggregate liability of Stonepeak to all Scheme Shareholders under this Deed Poll and the Scheme Implementation Agreement or at law (including negligence), under

any statute or regulation, in equity or otherwise, in respect of any or all breaches of this Deed Poll and/or the Scheme Implementation Agreement by Stonepeak, will not exceed, in aggregate, the amount of the Reverse Break Fee less any damages paid to Arvida for any or all breaches of the Scheme Implementation Agreement by Stonepeak.

- (c) In no event will Scheme Shareholders be entitled to receive both specific performance resulting in implementation of the Scheme and payment of any damages.

## 7. NOTICES

### 7.1 Manner of giving notice

Any notice or other communication to be given under this Deed Poll must be in writing and may be physically delivered or sent by email to Stonepeak at:

Address: 55 Hudson Yards, 550 W 34th Street, 48th Floor, New York, NY10001, USA

Email: [legalandcompliance@stonepeak.com](mailto:legalandcompliance@stonepeak.com)

For the attention of: Legal and Compliance

or at any such other address or email address notified for this purpose to the other parties under this clause, with a copy (which shall not constitute notice) to:

Address: Bell Gully, Level 14, Deloitte Centre, 1 Queen Street, Auckland Central, Auckland 1010, New Zealand

Email: [toby.sharpe@bellgully.com](mailto:toby.sharpe@bellgully.com); [gabrielle.menzies@bellgully.com](mailto:gabrielle.menzies@bellgully.com)

For the attention of: Toby Sharpe, Gabrielle Menzies.

### 7.2 When notice given

In the absence of earlier receipt, any notice or other communication is deemed to have been given:

- (a) if delivered, on the date of delivery; or
- (b) if sent by email, four business hours (being the hours between 9am and 5pm on a Business Day in the jurisdiction of the recipient) after the time sent (as recorded on the device from which the sender sent the email) unless the sender receives an automated message that the email has not been delivered (excluding an "out of office" automated message),

but if the notice or other communication would otherwise be taken to be received after 5.00 pm or on a Saturday, Sunday or public holiday in the place of receipt then the notice or communication is taken to be received at 9.00 am on the next day that is not a Saturday, Sunday or public holiday in the place of receipt.

## Annexure C: Deed Poll

### 7.3 Proof of service

In proving service of a notice or other communication, it is sufficient to prove that delivery was made or that the e-mail was properly addressed and transmitted by the sender's server into the network and there was no apparent error in the operation of the sender's e-mail system, as the case may be.

### 7.4 Documents relating to legal proceedings

This clause 7 does not apply in relation to the service of any claim form, notice, order, judgment or other document relating to or in connection with any proceedings, suit or action arising out of or in connection with this Deed Poll.

## 8. GENERAL

### 8.1 Waiver

- (a) Stonepeak may not rely on the words or conduct of any Scheme Shareholder as a waiver of any right in respect of the Scheme unless the waiver is in writing and signed by the Scheme Shareholder granting the waiver.
- (b) For the purposes of clause 8.1(a):
  - (i) conduct includes a delay in exercising a right;
  - (ii) right means any right arising under or in connection with this Deed Poll and includes the right to rely on this clause; and
  - (iii) waiver includes an election between rights and remedies, and conduct which might otherwise give rise to an estoppel.

### 8.2 Variation

- (a) Subject to clauses 8.2(b) and 8.2(c), this Deed Poll may not be varied.
- (b) Before the date on which the Final Orders are made, this Deed Poll may be varied by agreement in writing between Stonepeak and Arvida, in which event Stonepeak will enter into a further deed poll in favour of the Scheme Shareholders giving effect to the variation.
- (c) If the Court orders that it is a condition of the Scheme that Stonepeak enters into a new deed poll which has the effect of reversing any variation under clause 8.2(b), then, if Stonepeak so agrees, Stonepeak must promptly enter into a further deed poll in favour of the Scheme Shareholders to give effect to the reversal of that variation.

### 8.3 Cumulative rights

The rights, powers and remedies of Stonepeak and Scheme Shareholders under this Deed Poll are cumulative and do not exclude any other rights, power or remedies provided by law independently of this Deed Poll.

### 8.4 Assignment

The rights and obligations of Stonepeak and each Scheme Shareholder under this Deed Poll are personal. They cannot be assigned, charged or otherwise dealt with at law or in equity. Any purported dealing in contravention of this clause 8.4 is invalid.

### 8.5 Governing law and jurisdiction

- (a) This Deed Poll and any non-contractual obligations arising out of or in connection with it is governed by the law applying in New Zealand.
- (b) The courts having jurisdiction in New Zealand have non-exclusive jurisdiction to settle any dispute arising out of or in connection with this Deed Poll (including a dispute relating to any non-contractual obligations arising out of or in connection with this Deed Poll) and Stonepeak irrevocably submits to the non-exclusive jurisdiction of the courts having jurisdiction in New Zealand.

## EXECUTION

**Executed** as a deed poll.

**Stonepeak Alps BidCo Limited**  
by

Darren Keogh  
**Director**

Yuxin Han  
**Director**

# DIRECTORY

## REGISTERED OFFICE AND ADDRESS FOR SERVICE

### Arvida Group Limited

Aon Centre, Level 15  
29 Customs Street West  
Auckland 1010

PO Box 90217 Victoria Street West  
Auckland 1142

**Phone:** +64 9 972 1180

**Website:** [www.arvida.co.nz](http://www.arvida.co.nz)

## DIRECTORS

Anthony Beverley, Independent Director and Chair

Michael Ambrose, Independent Director

Susan Peterson, Independent Director

Susan Paterson, Independent Director

Paul Ridley-Smith, Independent Director

## SENIOR MANAGERS

Jeremy Nicoll, Chief Executive Officer

Mark Wells, Chief Financial Officer

## COMPANY SECRETARY

Briar Malpas

## LAWYERS

Chapman Tripp

## FINANCIAL ADVISERS

Cameron Partners Limited

Forsyth Barr Limited

## SHARE REGISTRAR

Computershare Investor Services Limited  
Private Bag 92 119, Victoria Street West  
Auckland 1142

Level 2, 159 Hurstmere Road  
Takapuna, Auckland 0622, New Zealand

**Phone:** +64 9 488 8777

**Email:** [enquiry@computershare.co.nz](mailto:enquiry@computershare.co.nz)

