

Residential and Development

Steve Evans, CE



Fletcher Building Limited



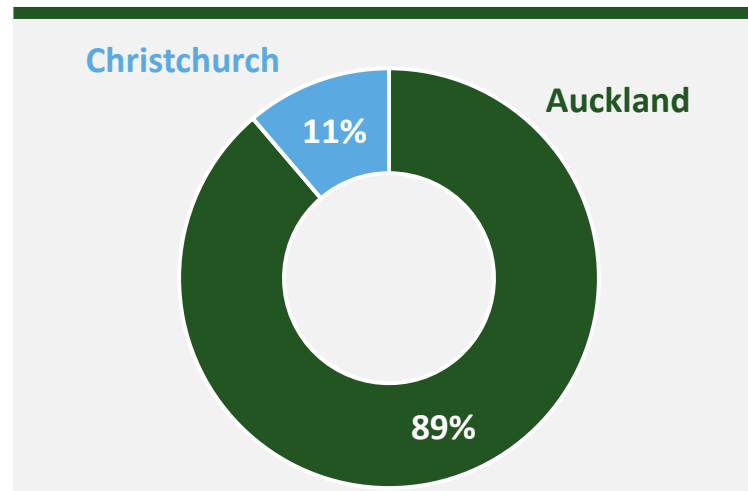
Leading developer with strong reputation for quality build

- Developer of residential homes & communities, apartments & retirement living units in Auckland & Christchurch markets
- Only remaining at scale OSM supplier in New Zealand; projects located in market with the most depth – generally <\$1 million price point, attracting first home buyers & a wide range of other customers
- Our approach to land & partnerships provides the **ability to slow / ramp-up development works & house building through changing market conditions**, flexing WIP to manage funds appropriately to maintain market leading ROFE as the market moves
- A strong & specialist development skillset assists to deliver group assets & new industrial projects

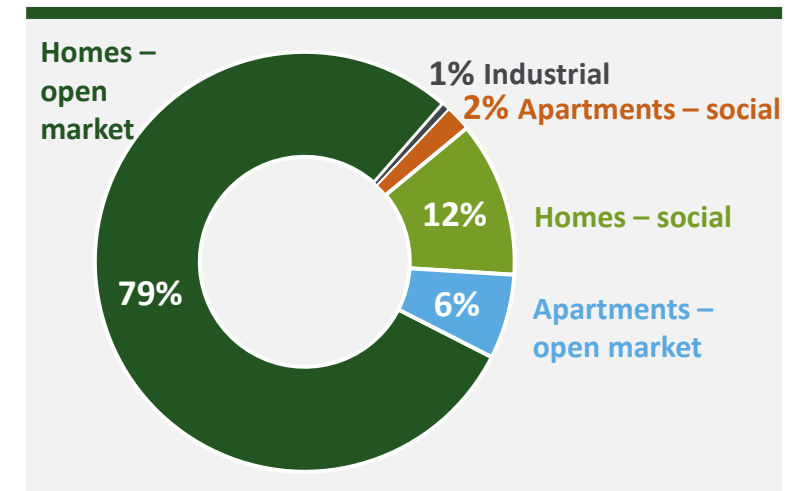
Strong brands



Location of unit sales¹

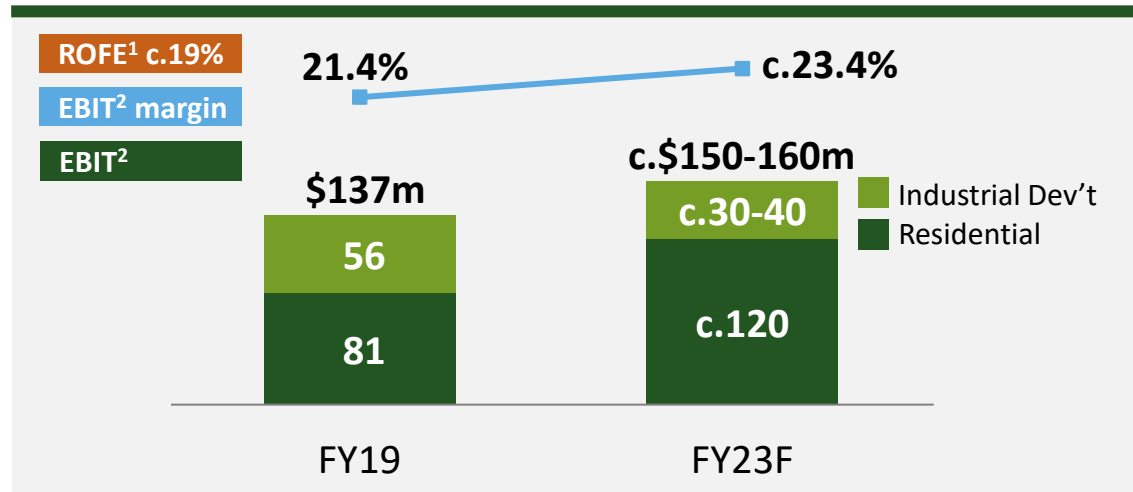


Unit sales split¹



Ability to flex scale & typology in proven locations where most depth of market; strong land bank positions

Key financial metrics



Non-financial metrics

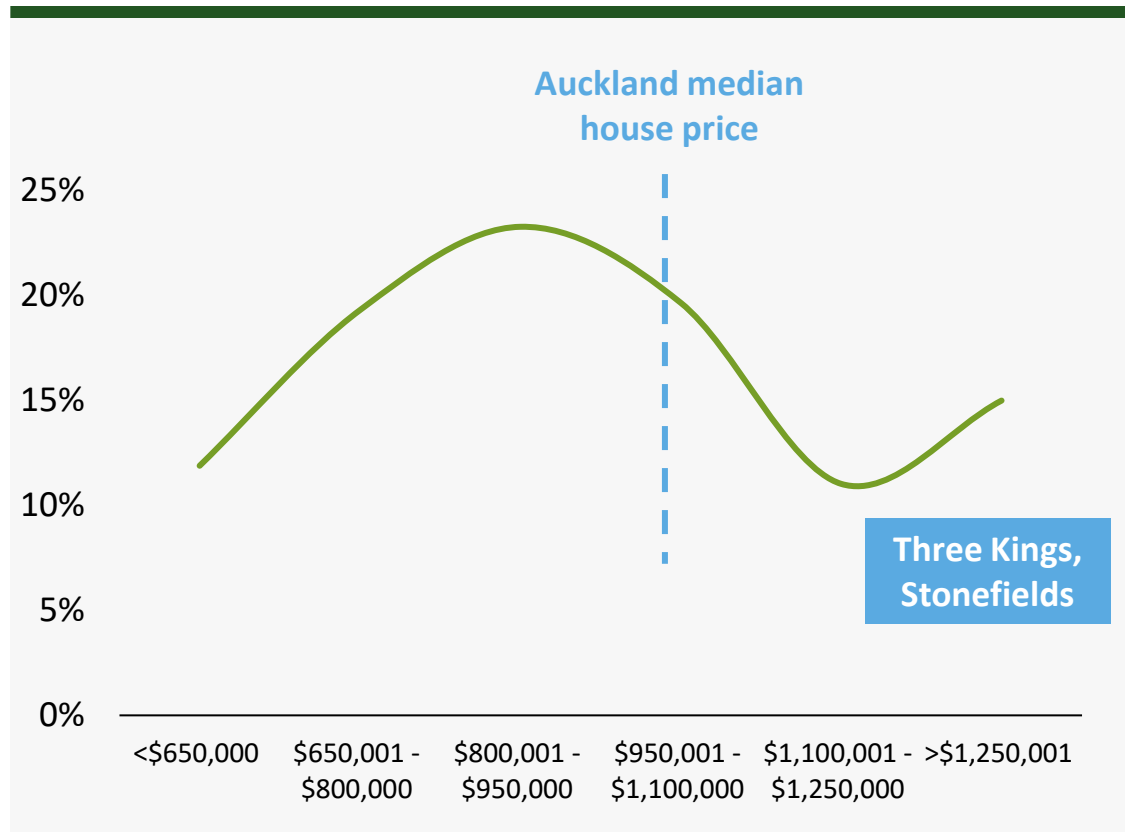
SAFETY	CUSTOMER	ENVIRONMENT	PEOPLE
2.6 (TRIFR ³)	72 (NPS)	LowCO Home WASTE REDUCTION	40 (eNPS)

Strong attributes and skillset established

- **Developments in strong / well-proven locations.** Good historic land purchase disciplines have allowed us to maintain volumes at good margins
- **Strong land bank,** acquired through prudent investment guardrails; land bank valuation c.\$350m above book value
- Our offer of **completed homes in established developments** has fared better in current tighter market
- **Well-regarded & trusted brand;** customer NPS at 72
- **TRIFR of 2.6** - industry leading
- **Leading sustainability in the residential market** through our development of LowCO, our low carbon home
- Now diverting **40% waste from landfill** (vs 10% 3 years ago)
- **eNPS of 40,** employee engagement top quartile

Pragmatically positioned for market reality with price points and locations in deepest part of market; targeting c.700-800 unit sales in FY24 with average YoY margins likely to contract before recovery in FY25

Distribution of FY23F residential unit sales



Managing well through the softened market

- FY23 business performed strongly through softening market
- FY24 expecting further cost increases and sales price compression before improving volumes and margins in FY25
- We continue to refine our typologies to maintain an average price point below \$1m – the deepest part of market supporting our sales target of c.700-800 units through FY24
- Strategic investments in Stonefields and Three Kings satisfies higher price point market and great margins
- Key to success has been our careful management of development and building WIP to maintain robust margins & ROFEs. This has seen us slow / delay some development works & house / apartment building, but continue to get builds ready for when market returns



Managing medium term performance with good disciplines in place

FLETCHER LIVING

- Continuing to deliver valued communities with new and existing home typologies, focusing on below median price products in strong demand locations. Volumes to lift when market turns

VIVID LIVING

- Continue with rollout, providing innovative solution for aging demographic in our wider residential communities, with ability to share capital gains & with lower DMFs

APARTMENTS

- Delivering Three Kings, One Central, Hobsonville and Oranga apartments demonstrates capability, with team focussed on getting faster and cheaper delivery

CLEVER CORE

- Now only scale panelisation producer in NZ - improved external customer appetite. New roof line, and interface with new F&T plant allows volume and profit growth without future capex

INDUSTRIAL DEVELOPMENT

- Using development skillset and knowledge to source and consent land for future industrial development; whilst continuing to support FB businesses growth



Raw land to new community - Waiata Shores continues to deliver 100+ homes p.a.



How we are driving performance

- Community has gained strength, with part of site sold to Progressive Enterprises has delivered a supermarket & medical centre, both now open
- As Waiata Shores becomes more successful, we are pivoting to greater intensification to maintain price point attractiveness
- New products introduced including smaller terraces around parks, car club units & a bigger Vivid Living site
- Sold >100 units in FY23, this will increase as the market returns
- Still at least three years remaining



Maintaining control of funds invested until housing market recovers; well-positioned to drive significant growth

Flex to market conditions, ready to go when market returns

- **Current market supports c.700-800 unit sales p.a.** without cannibalising price
- Strong brand & marketing keeps business agile for future market movement. We can scale to >1,000 p.a. once market returns
- **Vivid** continues to gain pace, forecast to grow to c.100 units p.a.
- **Development** business continues to consent already secured locations for when the market returns
- Well-located sites in One Central, Three Kings, Northcote **will allow over 200 apartment units p.a. to be delivered**, but only when the market returns
- **Clever Core** is ready to scale up to support this growth
- Our **land bank c.5,000 units¹**, in larger land parcels where a variety of Residential & Vivid solutions can be rolled out



The Hill, masterplanned, well-positioned for c.1,000 units



Partnering with iwi and government gives access to more land, and leads to great outcomes



Okahukura



Tauoma



Homai

How we are driving performance

- Having partnerships with government & iwi allows access to previously unavailable land
- Partnerships are long term, with multiple projects with Ngāti Whātua and Marutūāhu
- Key to partnership success is common interest, values & outcomes
- Current projects with iwi include Okahukura, Homai, Tauoma, Te Uru and new projects at Waka Moana & Kaipātiki
- Government & local government see the benefit of having proven developer working alongside mana whenua



Resilient business model with ability to navigate TTC and with a strong portfolio of initiatives to drive sustainable growth

