

Final Terms Sheet

Summerset Group Holdings Limited
1 March 2024



Artist impression of Summerset St Johns

Joint Lead Managers:



Final Terms Sheet

This Terms Sheet sets out the key terms of the offer (“**Offer**”) by Summerset Group Holdings Limited (“**Summerset**”) of \$125,000,000 of guaranteed, secured, unsubordinated fixed rate bonds maturing on 8 March 2030 (“**Bonds**”) under its master trust deed dated 30 May 2017 (as amended from time to time) (“**Trust Deed**”) as modified and supplemented by a supplemental trust deed dated 27 February 2024 (together, “**Trust Documents**”) entered into between Summerset and The New Zealand Guardian Trust Company Limited (“**Supervisor**”). Unless the context otherwise requires, capitalised terms used in this Terms Sheet have the same meaning given to them in the Trust Documents.

Investors should refer to the Trust Documents for the full terms of the Bonds.

Important Notice

The Offer of debt securities by Summerset is made in reliance upon the exclusion in clause 19 of schedule 1 of the Financial Markets Conduct Act 2013 (“**FMCA**”).

The Offer contained in this Terms Sheet is an offer of bonds that have identical rights, privileges, limitations and conditions (except for the interest rate and maturity date) as:

- Summerset’s bonds maturing on 24 September 2025, which have a fixed interest rate of 4.20% per annum and are currently quoted on the NZX Debt Market under the ticker code SUM020;
- Summerset’s bonds maturing on 21 September 2027, which have a fixed interest rate of 2.30% per annum and are currently quoted on the NZX Debt Market under the ticker code SUM030; and
- Summerset’s bonds maturing on 9 March 2029, which have a fixed interest rate of 6.59% per annum and are currently quoted on the NZX Debt Market under the ticker code SUM040, (together, the “**Existing Bonds**”).

Accordingly, the Bonds are the same class as the Existing Bonds for the purposes of the FMCA and the Financial Markets Conduct Regulations 2014.

Summerset is subject to a disclosure obligation that requires it to notify certain material information to NZX Limited (“**NZX**”) for the purpose of that information being made available to participants in the market. That information can be found by visiting www.nzx.com/companies/SUM.

The Existing Bonds are the only debt securities of Summerset that are currently quoted and in the same class as the Bonds.

Investors should look to the market price of the Existing Bonds referred to above to find out how the market assesses the returns and risk premium for those bonds.

Key Terms of the Bonds

Issuer	Summerset Group Holdings Limited (“ Summerset ”).
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Instrument	Fixed rate, guaranteed, secured, unsubordinated bonds (“ Bonds ”).
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Status	<p>The Bonds will be issued under the Trust Documents described above. Principal and interest amounts in respect of the Bonds will be direct, secured, unsubordinated obligations of the Issuer and rank <i>pari passu</i> with all other unsubordinated obligations of the Issuer, except indebtedness preferred by law.</p>
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Guarantors	<p>Consistent with the Guarantors for Summerset’s bank facilities.</p> <p>Holders will have the benefit of the following coverage ratios:</p> <ul style="list-style-type: none">• Total Assets of the Guaranteeing Group must comprise at least 90% of the Total Assets of the Summerset Group; and• EBITDA of the Guaranteeing Group for each rolling 12 month period must not be less than 90% of EBITDA of the Summerset Group for that period.
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Purpose	<p>The proceeds of the Offer will be used to repay a portion of existing drawn bank debt and/or for general corporate purposes of the Summerset Group. The Offer will provide diversification of funding sources and tenor for the Summerset Group.</p> <p>More broadly, the Summerset Group’s principal use of debt is to facilitate the acquisition of land for development and the development and construction of retirement villages.</p>
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Security	<p>Holders will share the benefit of the same security package as Summerset’s banks on a pro rata basis. The security is held by the Security Trustee.</p> <p>The key securities that Summerset’s banks and Holders will have the benefit of are set out below.</p> <p>New Zealand Securities</p> <ul style="list-style-type: none">• A second ranking mortgage over the land and permanent buildings of each Village Registered Company incorporated in New Zealand, which are the entities that operate Summerset’s registered retirement villages in New Zealand. This ranks behind a first ranking mortgage in favour of Public Trust (as the Statutory Supervisor of the relevant retirement village) securing amounts and obligations owing to village residents.• A first ranking mortgage over land and permanent buildings owned by other Summerset Group companies (described as Non-Village Registered Companies) incorporated in New Zealand, being undeveloped land and land under development.• A General Security Deed, which grants security over all assets of the Guaranteeing Group companies incorporated in New Zealand. However, the Statutory Supervisor has first rights to the proceeds of security enforcement against the assets of the Village Registered Companies incorporated in New Zealand.
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**Security
(continued)**

The Statutory Supervisor is entitled to the proceeds of security enforcement against all assets of the Village Registered Companies incorporated in New Zealand, in priority to Summerset's banks and Holders. Summerset's banks and Holders (including Holders of the Existing Bonds) will share the remaining proceeds of security enforcement against the assets of Village Registered Companies incorporated in New Zealand to which the Security Trustee is entitled on a pro rata basis.

Australian Securities

- A second ranking mortgage over the land and permanent buildings of any Village Registered Company incorporated in Australia. This ranks second in priority behind a statutory charge against the land and permanent buildings under s29 of the Retirement Villages Act 1986 (Vic) securing amounts owing to village residents. Note that Summerset has one Village Registered Company in Australia, and continues to progress a number of village developments in Victoria.
- A first ranking mortgage over any land and permanent buildings owned by Non-Village Registered Companies incorporated in Australia, being undeveloped land and land under development.
- A General Security Deed, which grants security over all assets of the Guaranteeing Group companies incorporated in Australia.

There is no requirement to appoint a Statutory Supervisor or equivalent for each Registered Village in Australia.

**Financial
Covenant****Loan to Value (LVR) Covenant**

Summerset will ensure, on each Test Date, that the ratio of:

- a. Total Debt (which is effectively principal amounts outstanding under Summerset's bank facilities, bonds and any other secured facilities); to
- b. Property Value of the Guaranteeing Group's land and permanent buildings that have been mortgaged to the Security Trustee,

is less than or equal to 50%.

A reported breach of the LVR Covenant in respect of a Test Date will be an Event of Review. Summerset must then follow a process specified in the Trust Deed to attempt to remedy the breach. If the breach has not been remedied at the end of this process, an Event of Default occurs.

Distribution stopper

Guarantors are not permitted to make any Distributions to non-Guarantors if an Event of Default or Event of Review is continuing.

Refer to the Trust Deed for more detail on Covenants that will apply to the Bonds.

Credit Rating

The Bonds will not be rated.

Issue Amount	\$125,000,000
Interest Rate	6.43% per annum, being the sum of the Issue Margin and the Base Rate.
Issue Margin	2.00% per annum.
Base Rate	A mid-market rate for an NZD interest rate swap (adjusted to a quarterly basis as necessary), for a term matching the period from the Issue Date to the Maturity Date as calculated by the Arranger in consultation with Summerset, according to market convention, with reference to Bloomberg page 'ICNZ4' (or any successor page) on the Rate Set Date (rounded to 2 decimal places, if necessary, with 0.005 being rounded up).
Interest Payments & Interest Payment Dates	<p>Interest will be payable quarterly in arrear in equal amounts on 8 March, 8 June, 8 September and 8 December of each year up to and including the Maturity Date. The first Interest Payment Date will be 8 June 2024.</p> <p>If an Interest Payment Date is not a business day, the due date for the payment to be made on that date will be the next following business day and no adjustment will be made to the amount payable as a result of the delay in payment.</p>
Early Redemption	Neither Holders nor Summerset are able to redeem the Bonds before the Maturity Date. However, Summerset may be required to repay the Bonds early if there is an Event of Default.

Brokerage	Summerset will pay brokerage of 0.50% of the aggregate principal amount of Bonds issued plus 0.25% on firm allocations. Such amounts will be paid to the Arranger who will distribute as appropriate to Primary Market Participants and approved financial intermediaries.
Record Date	5.00pm on the tenth calendar day before the due date for that payment or, if that day is not a business day, the preceding business day.
Issue Price	\$1.00 per Bond.
Minimum Application	The minimum application is \$5,000, with multiples of \$1,000 thereafter.
Minimum Holding	Bonds with an aggregate principal amount of \$5,000.
How to Apply	<p>All of the Bonds, including oversubscriptions, are reserved for clients of the Joint Lead Managers, institutional investors and other primary market participants invited to participate in the bookbuild. There will be no public pool for the Offer. Accordingly, retail investors should contact a Joint Lead Manager, their financial adviser or any primary market participant for details on how they may acquire Bonds. You can find a primary market participant by visiting www.nzx.com/services/market-participants.</p> <p>In respect of oversubscriptions or generally, any allotment of Bonds will be at Summerset's discretion, in consultation with the Joint Lead Managers. Summerset reserves the right to refuse all or any part of an application without giving any reason.</p> <p>Each investor's financial adviser will be able to advise them as to what arrangements will need to be put in place for the investors to trade the Bonds including obtaining a common shareholder number (CSN), an authorisation code (FIN) and opening an account with a primary market participant as well as the costs and timeframes for putting such arrangements in place.</p>
ISIN	NZSUMD0050L4.
Transfers	<p>Holders are entitled to sell or transfer their Bonds at any time subject to the terms of the Trust Documents, the selling restrictions set out below and applicable securities laws and regulations. Summerset may decline to register a transfer of Bonds for the reasons set out in the Trust Documents.</p> <p>The minimum amount of Bonds a Holder can transfer is \$1,000, and integral multiples of \$1,000 thereafter. No transfer of Bonds or any part of a Holder's interest in a Bond will be registered if the transfer would result in the transferor or the transferee holding or continuing to hold Bonds with an aggregate principal amount of less than the minimum holding of \$5,000 (other than zero).</p>

NZX Quotation Summerset will take any necessary steps to ensure that the Bonds are, immediately after issue, quoted on the NZX Debt Market. Application has been made to NZX for permission to quote the Bonds on the NZX Debt Market and all the requirements of NZX relating thereto that can be complied with on or before the distribution of this Terms Sheet have been duly complied with. However, NZX accepts no responsibility for any statement in this Terms Sheet. NZX is a licensed market operator and the NZX Debt Market is a licensed market under the FMCA.

NZX Debt Market Ticker Code SUM050.

Selling Restrictions The Bonds may only be offered for sale or sold in New Zealand in conformity with all applicable laws and regulations in New Zealand. No Bonds may be offered for sale or sold in any other country or jurisdiction except with the prior consent of Summerset and in conformity with all applicable laws and regulations of that country or jurisdiction and the selling restrictions contained in this Terms Sheet.

This Terms Sheet may not be published, delivered or distributed in or from any country or jurisdiction except under circumstances which will result in compliance with all applicable laws and regulations in that country or jurisdiction and the selling restrictions contained in this Terms Sheet.

By purchasing the Bonds, each Holder agrees to indemnify Summerset, the Bond Supervisor, the Arranger, the Joint Lead Managers and their respective directors, officers, employees and agents in respect of any loss, cost, liability or expense sustained or incurred as a result of the breach by the Holder of the selling restrictions set out above.

Governing Law New Zealand.

Important Dates

Opening Date Tuesday, 27 February 2024.

Closing Date 11:00am, Friday, 1 March 2024.

Rate Set Date Friday, 1 March 2024.

Issue Date and Allotment Date Friday, 8 March 2024.

Expected Date of Initial Quotation Monday, 11 March 2024.

Maturity Date Friday, 8 March 2030.

The dates set out in this Terms Sheet are indicative only and are subject to change. Summerset has the right in its absolute discretion and without notice to close the Offer early, to accept late applications, to extend the Closing Date or to choose not to proceed with the Offer. If the Closing Date is extended, subsequent dates may be extended accordingly.

The Arranger, the Joint Lead Managers and their respective directors, officers, employees and agents:

- a. have not authorised or caused the issue of, or made any statement in, any part of this Terms Sheet;
- b. do not make any representation, recommendation or warranty, express or implied regarding the origin, validity, accuracy, adequacy, reasonableness or completeness of, or any errors or omissions in, any information, statement or opinion contained in this Terms Sheet; and
- c. to the extent permitted by law, do not accept any responsibility or liability for this Terms Sheet or for any loss arising from this Terms Sheet or its contents or otherwise arising in connection with the Offer of Bonds.

This Terms Sheet does not constitute financial advice or a recommendation from the Arranger, any Joint Lead Manager or any of their respective directors, officers, employees, agents or advisers to purchase any Bonds.

You must make your own independent investigation and assessment of the financial condition and affairs of Summerset before deciding whether or not to invest in the Bonds.

Other Information

Copies of the Trust Documents are available at Summerset's website at www.summerset.co.nz/bondoffer.

Any internet site addresses provided in this Terms Sheet are for reference only and, except as expressly stated otherwise, the content of any such internet site is not incorporated by reference into, and does not form part of, this Terms Sheet.

Investors should seek qualified independent financial and taxation advice before deciding to invest. In particular, you should consult your tax adviser in relation to your specific circumstances. Investors will also be personally responsible for ensuring compliance with relevant laws and regulations applicable to them (including any required registrations).

For further information regarding Summerset, visit www.nzx.com/companies/SUM.

Contact Information

Issuer

Summerset Group Holdings Limited
Level 27, Majestic Centre
100 Willis Street
PO Box 5187
Wellington 6140

Registrar

Link Market Services Limited
Level 30, PwC Tower
15 Customs Street West
Auckland 1010

Arranger and Joint Lead Manager

Commonwealth Bank of Australia
ASB North Wharf
12 Jellicoe Street
Auckland 1010

Joint Lead Manager

Craigs Investment Partners Limited
Level 32, Vero Centre
48 Shortland Street
Auckland 1010

Joint Lead Manager

Forsyth Barr Limited
Level 22, NTT Tower
157 Lambton Quay
Wellington 6011

Joint Lead Manager

Jarden Securities Limited
Level 21
171 Featherston Street
Wellington 6011

Bond Supervisor

The New Zealand Guardian Trust Company Limited
Level 2, 99 - 105 Customhouse Quay
Wellington 6011

Statutory Supervisor

Public Trust
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Auckland 1010

Legal advisers to Summerset

Russell McVeagh
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157 Lambton Quay
Wellington 6011

Security Trustee

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23 - 29 Albert Street
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