
Summerset at Heritage Park

Half year results presentation

Half Year Report 2021

Agenda

COVID-19 update

Prevention of COVID-19 remains our focus

- The latest lockdown is a reminder the COVID-19 global pandemic continues to be part of our operating environment
- We have again moved early and fast to keep our residents and staff safe. Summerset restricted entry to villages on the same day the latest COVID community case was announced
- Our Crisis Response Team has activated Summerset's pandemic plan swiftly and effectively, this includes:
  - Strict entry conditions to ensure our villages remain a safe environment for residents
  - Postponing all admissions regardless of whether it is for care or people moving into our villages
  - Separated team rosters, the use of face masks and PPE plus additional cleaning protocols
  - Providing initiatives to keep residents connected and informed throughout lockdowns, including an online entertainment hub and Zoom calls with loved ones
  - Continuing to support staff to safely work from home
- Summerset is well positioned to manage through an extended lockdown, if required, with sufficient bank debt headroom of around $850m* and gearing of 28.5%

** Post loan facility refinance, completed in August 2021*

Summerset

Our highlights

1H21

1H21 Summary

Key result highlights

- Underlying profit for 1H21 of $75.5m, a six month record
- Record net profit after tax (NZ IFRS) of $263.8m, up from $1.0m in 1H20 and $230.8m for FY20
- Operating cash flows of $229.7m, up from $92.8m in 1H20
- Gearing ratio of 28.5%, down from 35.8% at 1H20 and now at the lowest level since 2014
- Record half year new and resale settlements of 545 units, up 106% on 1H20, which was impacted by COVID-19
- Continue to achieve high presales and record waitlist numbers
- Delivered a record 347 units in the period, including 284 retirement units and 63 care units
- Expect a New Zealand build rate in the range of 600 to 650 total units (550 to 600 units sold under Occupation Right Agreement and 52 care beds)
- Opened new main building in Richmond and delivered the final apartment block at our Ellerslie village
- Purchased third Australian site in Chirnside Park, Melbourne in March. In addition, two new sites announced today:
    - Craigieburn, Melbourne, our fourth Australian village
    - Palmerston North, 34.2ha in the suburb of Kelvin Grove
- Interim dividend of 9.9 cents per share declared

Summerset at Monterey Park

1H21 result snapshot

IFRS net profit after tax of $263.8m resulting in a 45% growth in company equity since 1H20

$263.8m
Net profit after tax
1H20 $1.0m

$229.7m
Net operating cash flows
1H20 $92.8m

$75.5m
Underlying profit
1H20 $45.1m

$4.4b
Total assets
1H20 $3.4b

28.5%
Gearing ratio
1H20 35.8%

$1.1b
Embedded value
1H20 $765.7m

347
Total units delivered in 1H21
1H20 182

545
Sales of occupation rights
1H20 264

6,123*
New Zealand and Australia land bank (including care)
1H20 6,024

** Land bank as at 30 June 2021, excludes Kelvin Grove and Craigieburn*

Looking back – 1H21 review

A showcase of key events from the past six months

Heritage Apartments, Ellerslie

Resident Maisie Lund receives vaccine

Lower Hutt blessing

Tyler Grant

Richmond Main Building opening

NZ Commercial Project Awards

January
Title sponsor of the New Zealand National Bowls Championship, in Auckland

February
Heritage Apartments in Ellerslie open, completing the village

Third COVID-19 lockdown (Auckland)

March
Scott Scoullar takes over as CEO

HR team wins Talent Acquisition award

Purchase of third Australian site in Chirnside Park, Melbourne

Prebbleton receives resource consent

April
First residents receive COVID-19 vaccine

Summerset's annual Waitaha Te Houhou Health Scholarship awarded to Aaliyah Te Atarau Thocolich and Tyler Grant

May
Richmond Main Building opens

Lower Hutt earthworks begin with dawn blessing

Parnell granted resource consent

Design Team win Gold at New Zealand Commercial Project Awards

June
First units delivered in Whangārei

Stage one civils at St Johns completed

Business overview

1H21

Summerset snapshot

Diversified portfolio throughout New Zealand

Our people

6,600+
Residents

1,900+
Staff members

95%
Village resident satisfaction

Our care

97%
Care resident satisfaction

1,035
Care units in portfolio

1,053*
Care units in land bank

Our portfolio

4,669
Retirement units in portfolio

5,070*
Retirement units in land bank

$4.4b
Total assets

* Land bank as at 30 June 2021, excludes Kelvin Grove and Craigieburn

Bringing the best of life

Bringing the best of life to residents and staff

- Our focus remains on protecting our residents and staff from COVID-19, good progress made on our vaccination rollout
- To date, over 80% of both our aged care residents and care staff have been fully vaccinated, receiving both doses of the Pfizer vaccine
- Our accredited falls prevention fitness programme was rolled out to an additional three villages this year
  - The class is accredited by the Ministry of Health and ACC and run by registered fitness professionals
- Renewed our sponsorship of Bowls New Zealand for a further three years. Summerset now supports over 100 community groups across New Zealand
- Provided tablets to residents to trial a new resident portal to improve communication between staff and residents
- Summerset has developed a medicine optimisation pilot project with GPs, pharmacists and nurses to review whether medicines are meeting our residents health goals
- Continue to offer free Summerset shares to all permanent staff as part of our annual staff share scheme, to date around 650 staff have become owners of free shares following a three-year vesting period

OUR RESIDENTS

Bringing the best of life to our residents every day — resulting in high levels of resident satisfaction

OUR PEOPLE

People are the heart of Summerset. Our values are:

Strong enough to care

One team

Strive to be the best

Our environment

Environmental performance and sustainability

- New Zealand's first and only carbonzero™ certified retirement village operator, recording a 31% reduction in carbon emissions since 2017
- We have a science aligned target to achieve a 62% reduction in emissions intensity between 2017 and 2032
- We are New Zealand's first retirement village operator to link sustainability to our funding agreements, incorporating a Sustainability Linked Lending arrangement as part of our bank refinancing
- Confirmed a replacement for the transition away from gas. This includes incorporating an environmentally friendly wood pellet boiler into the design for our St Johns village
- Committed to a waste diversion target for construction waste from landfill covering all sites in New Zealand and Australia
- Undertaking a review of our main building designs to reduce embodied emissions

CarbonzeroTM audit

31% ▼
2017 - 2020
Energy reduction
Reduction in carbon emissions intensity

25% ▼
2017 - 2020
Waste diversion
Reduction in waste to landfill

17% ▲
2020
Paper efficiency
Reduction in paper based invoicing

Environmentally friendly fertilisers
We reduce our fertiliser emissions by using products that have a low carbon footprint

Our sustainability partnerships

CLIMATE LEADERS COALITION
ON A MISSION TO REDUCE EMISSIONS IN NEW ZEALAND

CDP™
DISCLOSURE INSIGHT ACTION

MEMBER 2020–2021
NZGBC
NEW ZEALAND GREEN BUILDING COUNCIL

TOITŪ
CARBON ZERO
ISO 14064-1 ORGANISATION

Our Sustainability policy, Supplier Code of Conduct and Modern Slavery Policy are all available on our website

Summerset Chirnside Park (Melbourne)

Summerset Cranbourne North (Melbourne)

Development - Australia

Two new sites purchased, bringing our total number of Australian sites to four

- In March we purchased our third Australian site in Chirnside Park, Melbourne
- Today we announced the purchase of 9.76ha of land in Craigieburn, bringing Summerset's Australian land bank to four sites
- Continue to look for suitable sites around Victoria to complement our existing properties we already hold
- We are in the final stages of obtaining the planning permit for our Cranbourne North village
- Completed prototype home for Cranbourne North that incorporates our Australian design standards
- Summerset has been approved to provide residential aged care and home care services in Australia
- Our villages will offer a full continuum of care in Australia, which sets us apart from many Australian competitors
- We have developed a household model of care with no more than 18 residents in a household

Summerset Craigieburn (Melbourne)

Summerset Craigieburn (Melbourne)

New sites – announced today

Fourth Australian site acquired in Craigieburn, around 32km north of Melbourne's CBD

- Acquisition of 9.76ha of land in Craigieburn, part of the outer ring of Greater Melbourne
- The site is well-serviced by the nearby Craigieburn Central Shopping centre providing residents with easy access to all amenities
- Craigieburn has strong demographics with a 75+ population of around 7,200, expected to increase by nearly 90 percent in the next ten years
- The area will also see significant investment in the coming years, with Craigieburn forming part of the Victorian State Government's North Growth Corridor
- Our village will have over 200 independent homes, rest home and hospital level care and a memory care centre

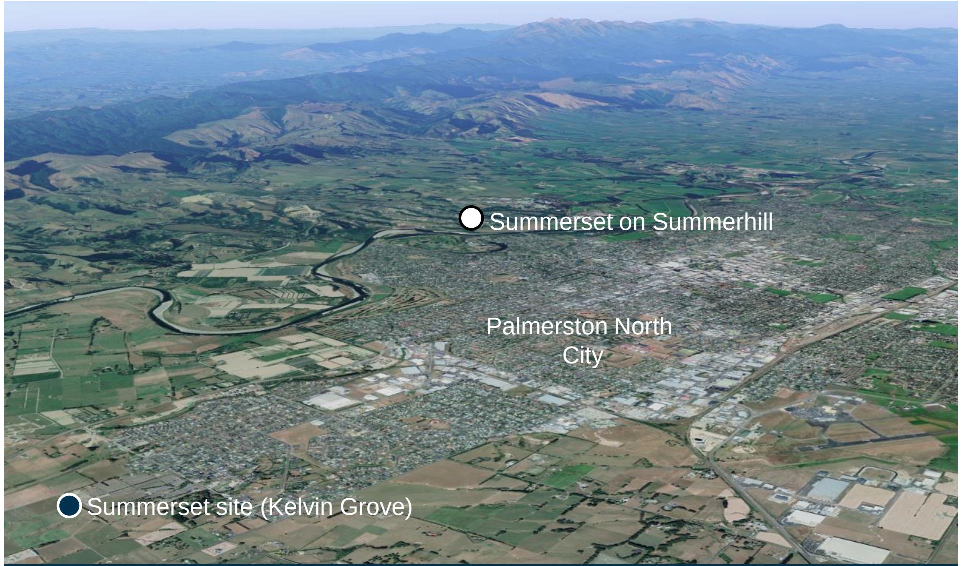

Summerset at Heritage Park (Ellerslie, Auckland)


Summerset St Johns (Auckland)

Development - New Zealand

Record six month deliveries of 347 total units

- Delivered a record 347 total units including 130 villas, one main building and two apartment blocks in 1H21
- Now have a total of 13 villages in construction across ten regions in New Zealand
- Received resource consent approval for our Prebbleton village and have begun earthworks at the site
- Submitted a fast-tracked resource consent application for Waikanae
- Progressed construction at our first apartment only village in St Johns, Auckland installing the tower crane and completing the first stage of civils
- Completed the construction of Summerset at Heritage Park (Ellerslie), delivering the final apartment block
- On track to deliver the main building in Avonhead and a second apartment block for Kenepuru in 2H21
- Procurement of construction products well placed, market reports show expected build cost inflation of ~5% for 2021
- Expected FY21 New Zealand build rate of between 600 to 650 units (550 - 600 units sold under Occupation Right Agreement and 52 care beds)



Summerset Kelvin Grove (Palmerston North)

Summerset Kelvin Grove (Palmerston North)

New sites – announced today

Second Palmerston North site for Summerset, located in the northern suburb of Kelvin Grove

- Acquisition of 34.2ha of land in Kelvin Grove, to be home to our second Palmerston North village
- We expect the site to accommodate a 9.0ha village with total construction investment exceeding $170 million
- The site will offer approximately 315 independent homes, rest home and hospital level care and a memory care centre
- Palmerston North has favourable demographics with a 75+ population of around 6,200, forecast to increase to around 7,900 by 2028
- The location complements our existing village in the city, which sees consistently strong demand from prospective residents and high occupancy levels

Summerset Mount Denby (Whangārei)

Summerset at Monterey Park (Hobsonville, Auckland)

Summerset Rototuna (Hamilton)

Summerset on the Dunes (Pāpāmoa Beach, Tauranga)

Summerset at Pohutukawa Place (Bell Block, New Plymouth)

Summerset Palms (Te Awa, Napier)

Summerset on the Landing (Kenepuru, Wellington)

Summerset Boulcott (Lower Hutt, Wellington)


Summerset Richmond Ranges (Nelson)


Summerset on Cavendish (Casebrook, Christchurch)


Summerset at Avonhead (Christchurch)


Summerset Prebbleton (Selwyn District)

Development pipeline

Diversified development pipeline grown from 16 sites in FY18 to 23 sites in 1H21, 56% of landbank fully consented

* New sites purchased

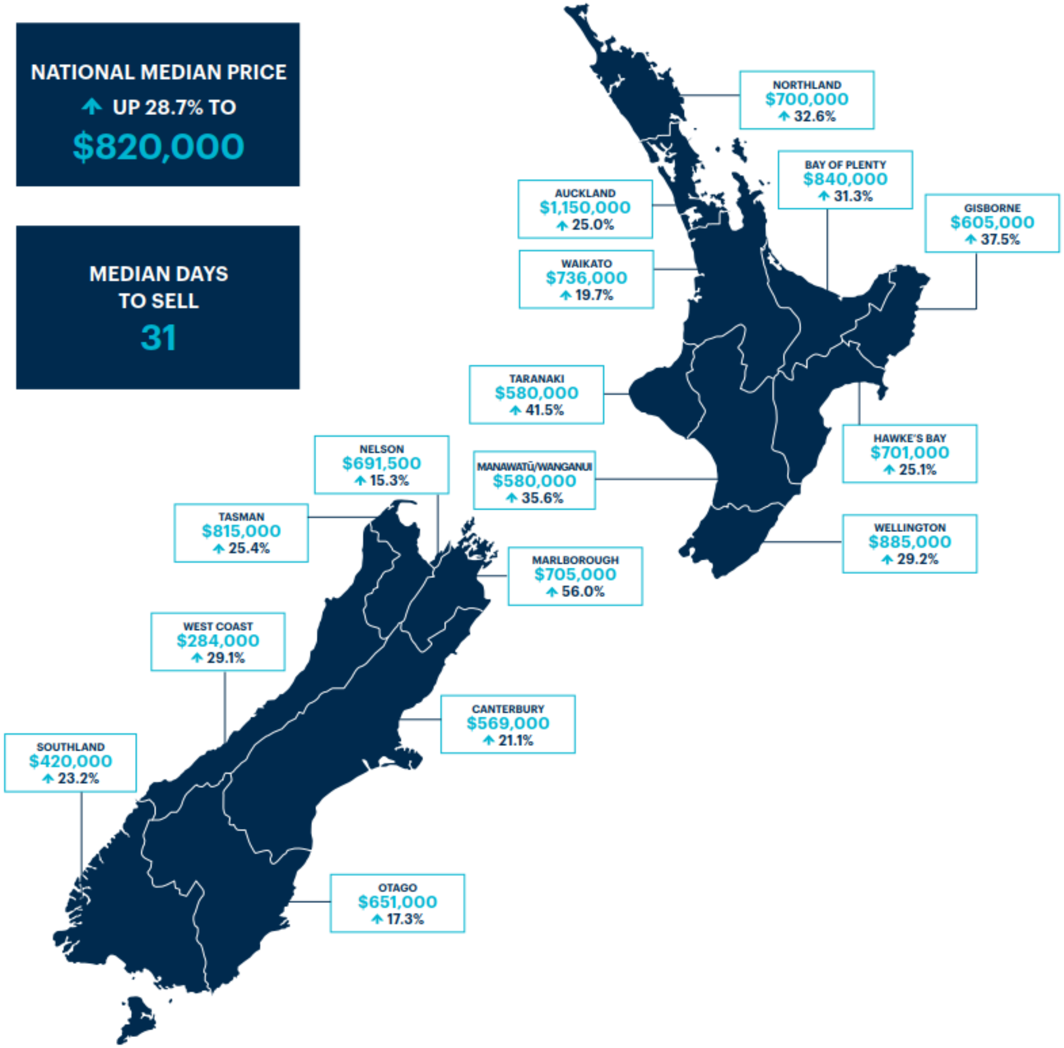
Development pipeline as at 30 June 2021, excludes Kelvin Grove and Craigieburn

Residential market summary

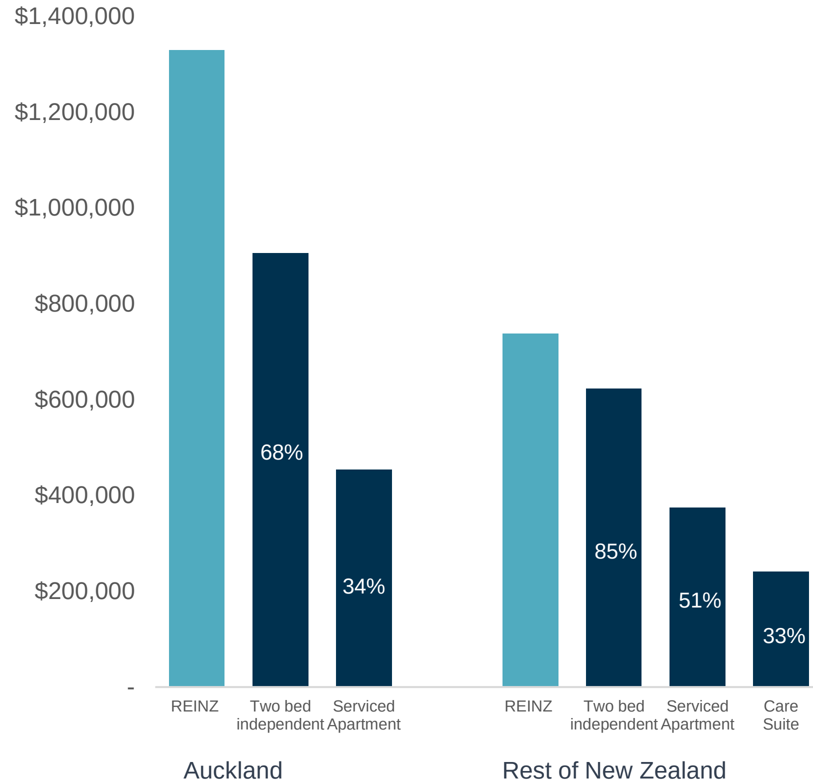
House price inflation remains strong, Summerset conservatively positioned relative to residential house prices

NATIONAL MEDIAN PRICE
↑ UP 28.7% TO
$820,000

MEDIAN DAYS TO SELL
31



Sales prices vs median house price



Source: REINZ, June 2021

Retirement unit delivery

Record six month deliveries of 347 total units

- 284 retirement units and 63 care units delivered across 10 villages in 1H21, totalling 347 units in the period
- This is a record number of deliveries for a six month period and includes the final apartment block at Ellerslie and first apartments at Kenepuru
- Opened the new main building at our Richmond village - includes serviced apartments, memory care apartments, a care centre and recreation spaces for residents
- We now offer specialist dementia care in four villages with our fifth memory care centre opening in Avonhead in 2H21
- Delivered the first three units at our Whangārei village ahead of schedule with the first residents moving in later this year

284
Retirement units delivered

347
Total units delivered

Unit delivery	Retirement units			Care units			Total units*
	Villas	Apartments	Serviced apartments	Memory care apartments	Care suites	Care beds	
Avonhead	9	-	-	-	-	-	9
Bell Block	22	-	-	-	-	-	22
Casebrook	8	-	-	-	-	-	8
Ellerslie	2	74	-	-	-	-	76
Kenepuru	12	24	-	-	-	-	36
Pāpāmoa	16	-	-	-	-	-	16
Richmond	16	-	56	20	17	26	135
Rototuna	14	-	-	-	-	-	14
Te Awa	28	-	-	-	-	-	28
Whangārei	3	-	-	-	-	-	3
Total	**130**	**98**	**56**	**20**	**17**	**26**	**347**

** Total units include all units sold under occupation right agreement and care beds*

Development margin

Realised development margin of $40.7m, with a 22% development margin

- Realised development margin of $40.7m, a record half year result and up 134% from $17.4m in 1H20
- Development margin of 22% consistent with 1H20 and up from 18% achieved in 2H20
- The main drivers were strong margins across our villa stages with all sites achieving margins above 25% offset by:
  - The settlement of a higher number of serviced apartments, memory care apartments and care suites, up 81% on 1H20
  - Proportionally fewer Auckland settlements with a lower weighting of villas than 1H20
- For FY21, we expect development margins to be within our medium term target range of 20% to 25%

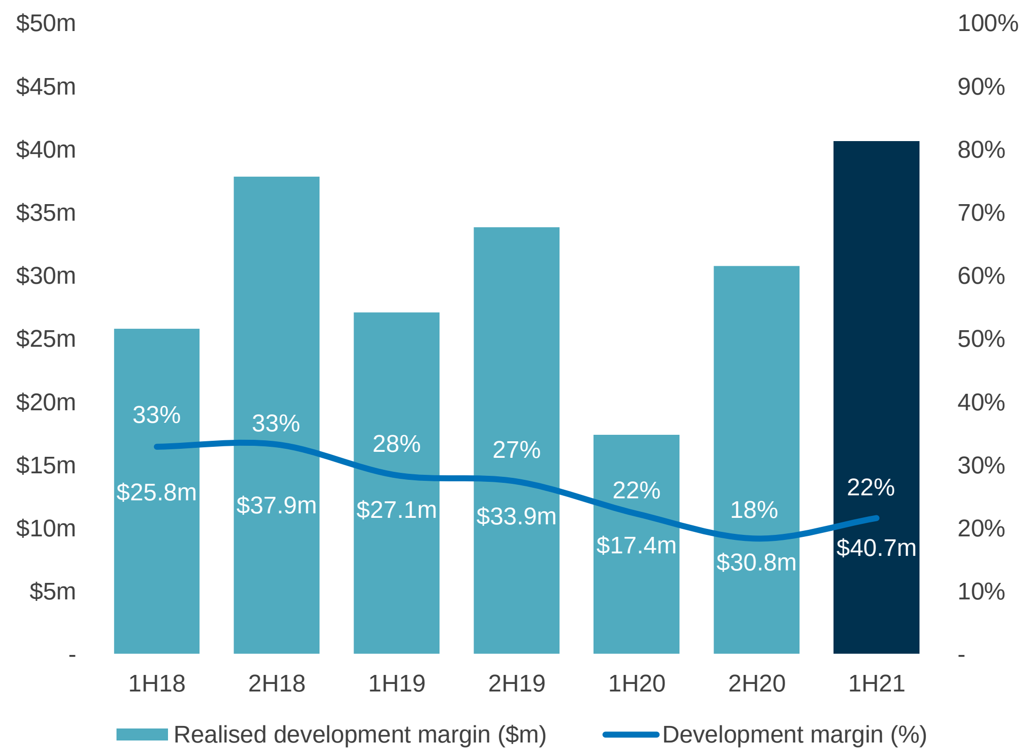
22%

Development margin

$40.7m

Realised margin

Realised development margin



New sales

302 new sales in the period, record gross proceeds of $188.0m

- A six month record of 302 new sales of occupation rights in 1H21
- This is a substantial increase on previous years, up 136% from 1H20 and 122% from 1H19
- 302 new sales is also 75% of total new sales achieved across FY20, in just six months
- Record gross proceeds of $188.0m, up 141%
- Average gross proceeds per new sale settlement of $623k, up from $609k in 1H20
- Continue to see the positive effects of our diversification strategy with seven regions securing more than 20 settlements each
- Looking ahead, we have seen strong presales with several stages to be delivered in 2H21 already fully presold
- With the length of the current lockdown unknown, the impact on demand, and the ability to settle sales, is currently uncertain

302

New sale of occupation rights

$188.0m

Gross proceeds

New sales	1H21	1H20	*Variance*	1H19	FY20
Gross proceeds ($m)	**188.0**	**78.0**	***141%***	**95.3**	**245.4**
Villas	197	82	*140%*	71	264
Apartments	47	14	*236%*	37	58
Serviced apartments	45	26	*73%*	28	63
Memory care apartments	7	6	*17%*	-	18
Care suites	6	-	-	-	1
Total occupation rights	**302**	**128**	***136%***	**136**	**404**

New sales stock

Stock levels remain stable relative to prior periods

- Uncontracted new sale stock of 222 units, up from 179 at FY20 (24%)
- Of the 222 uncontracted stock, 73 (33%) were delivered as part of Richmond's main building that opened in late May 2021
- Increase in uncontracted stock primarily driven by the following:
  - The sell down of serviced apartments and care suites in Richmond and Rototuna
  - Release of the first apartment block in Kenepuru
  - The final apartment block in Ellerslie, the village having now sold down the apartment blocks delivered in prior periods
- High demand continues for villas and apartments, 228 delivered in 1H21 and less than 100 delivered units available for sale across all villages
- Looking ahead, we expect a slight increase in total new sales stock at FY21 with the delivery of our second main building this year, in Avonhead

222

Uncontracted stock

4.7%

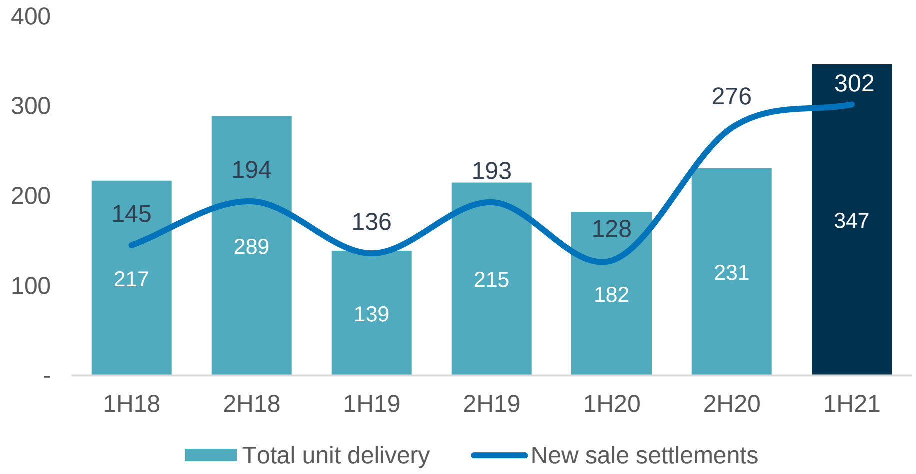
Percentage of uncontracted stock

New sales stock	1H21	FY20	1H20
Contracted	93	117	98
Uncontracted	222	179	257
Total new sales stock	**315**	**296**	**355**
Contracted	48	78	66
Uncontracted	24	61	121
Villas	**72**	**139**	**187**
Contracted	17	20	14
Uncontracted	74	20	70
Apartments	**91**	**40**	**84**
Contracted	21	13	12
Uncontracted	79	76	58
Serviced apartments	**100**	**89**	**70**
Contracted	7	3	6
Uncontracted	28	19	8
Memory care apartments	**35**	**22**	**14**
Contracted	-	3	-
Uncontracted	17	3	-
Care suites	**17**	**6**	**-**

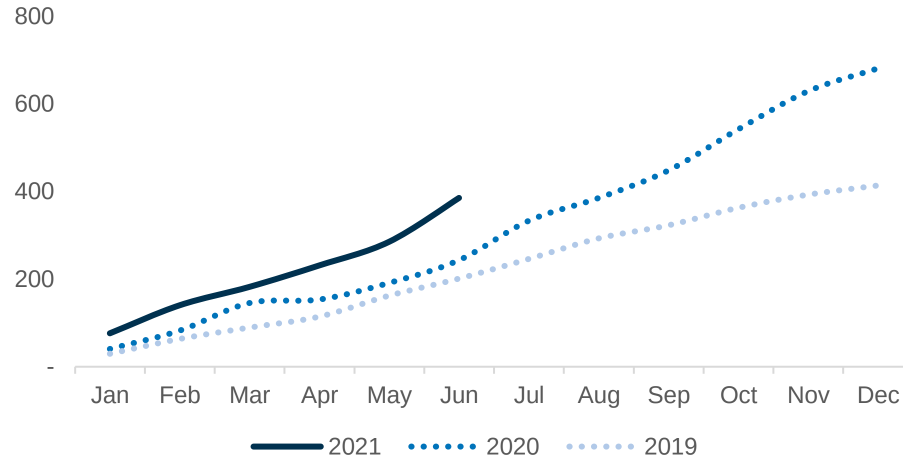
Percentage of uncontracted stock calculated off all units sold under occupation right agreement

New sales performance

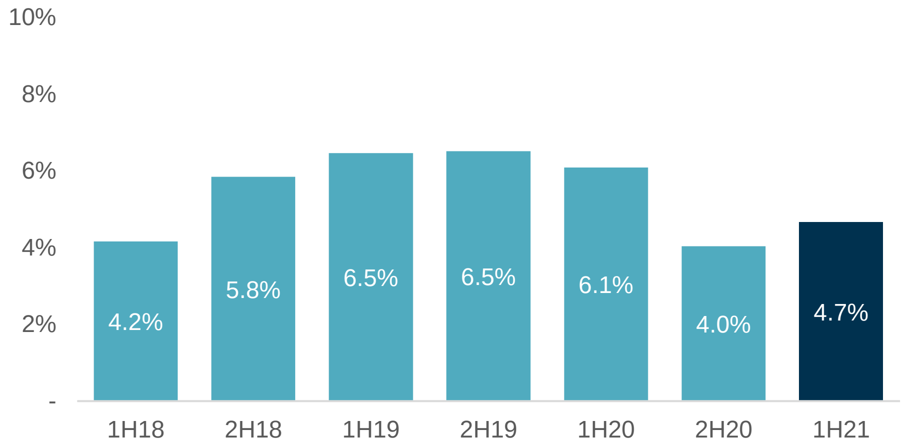
New sale settlements and total unit delivery



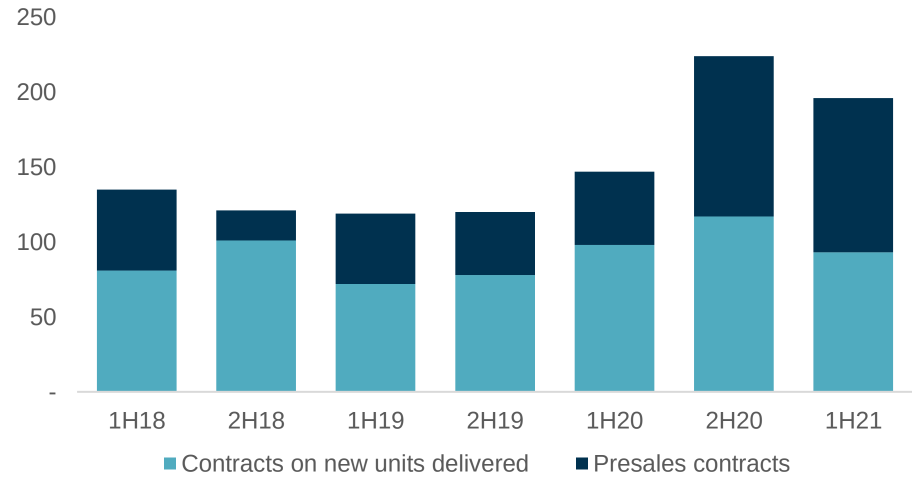
Annual new sales contracts



Uncontracted new sales stock as % of portfolio



Committed new sales pipeline



Resales

Realised gain of $29.4m, up 87%, embedded value now exceeds $1.1b

- Total resales of 243 occupation rights in 1H21, up from 136 in 1H20 (79%) and 142 in 1H19 (71%)
- Realised resale gain of $29.4m
- Gross proceeds of $126.6m, up 104% on 1H21
- Record gross proceeds per resale settlement of $521k, up 14% from $457k in 1H20
- Realised resale gain of 23% for 1H21, underpinned by the following:
    - Higher proportion of settlements in developing villages, these units not accumulating the same level of resale gain as they are more recently delivered
    - A greater number of apartments settling in the period
    - Shorter resident tenures, particularly for villas and serviced apartments

243

Resale of occupation rights

$29.4m

Realised resale gain

Resales	1H21	1H20	*Variance*	1H19	FY20
Gross proceeds ($m)	**126.6**	**62.2**	***104%***	**61.1**	**176.8**
Realised resale gains ($m)	29.4	15.7	*87%*	14.3	46.1
Realised resale gains (%)	23%	25%	*(8%)*	23%	26%
DMF realisation ($m)	17.8	7.7	129%	8.0	24.0
Villas	125	70	*79%*	72	200
Apartments	35	14	*150%*	10	46
Serviced apartments	79	51	*55%*	59	129
Memory care apartments	4	1	*300%*	1	6
Care suites	-	-	-	-	-
Total occupation rights	**243**	**136**	***79%***	**142**	**381**

Embedded value

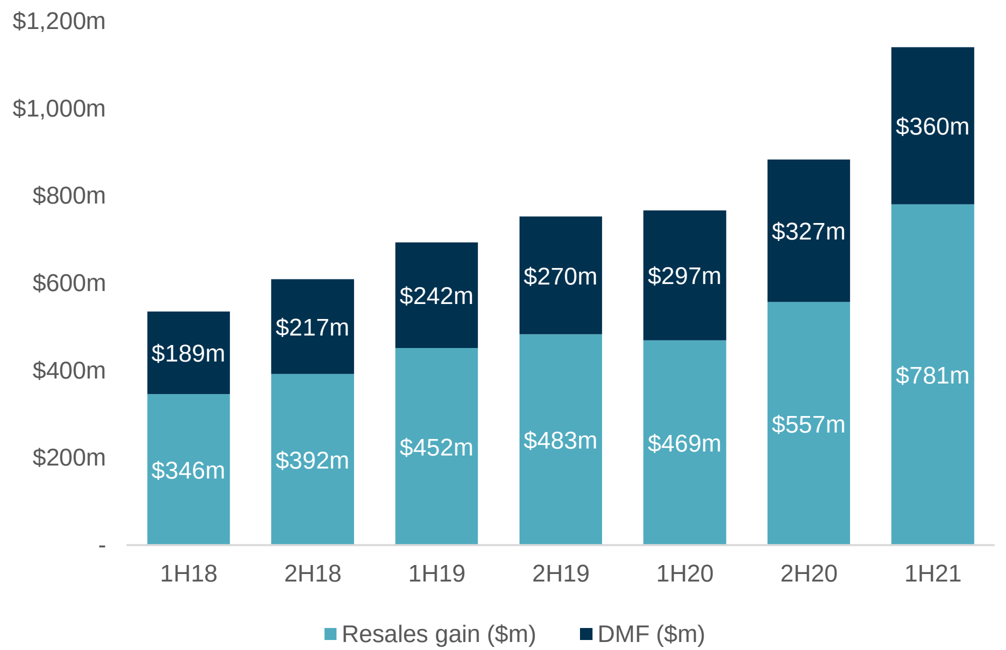
Embedded value now exceeds $1.1b, up 49%

- Total embedded value now exceeds $1.1b, having increased from $765.7m at 1H20, a 49% uplift
- Embedded value comprised of:
  - $780.9m resale gains
  - $360.0m deferred management fees
- Embedded value per unit is now $240k, up from $181k at 1H20 and provides a strong platform for future earnings growth
- Unrealised resale gain per unit now $164k, compared to $111k in 1H20

$1.1b
Embedded value

$780.9m
Embedded resale gain

Embedded value



NZ$m	1H21	1H20	Variance	1H19	FY20
DMF	360.0	297.2	*21%*	241.8	326.7
Resales gain	780.9	468.5	*67%*	451.7	556.9
Embedded value	**1,140.9**	**765.7**	***49%***	**693.5**	**883.6**

Resales stock

Available resales stock remains at very low levels

- Resales stock is at historically low levels with 87 retirement units under contract and 62 units uncontracted at 1H21
- Uncontracted stock has decreased from 73 units at FY20 to 62 at 1H21. As a % of total portfolio this is the lowest level of uncontracted stock in four years
- 41 out of the 62 uncontracted units are serviced apartments, however, these are spread across 13 villages with limited build up at individual sites
- Waitlist numbers continue to increase, now over 1,200 prospective residents, up 43% on 1H20

62

Uncontracted stock

1.3%

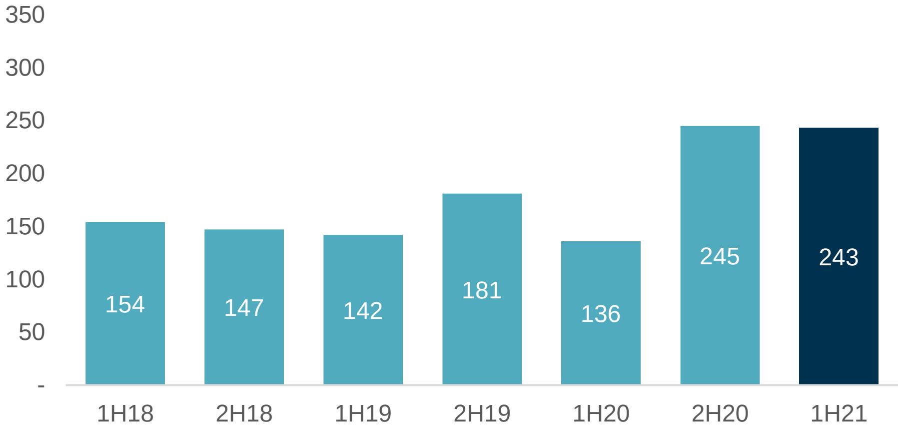
Percentage of uncontracted stock

Resales stock	1H21	FY20	1H20
Contracted	87	105	92
Uncontracted	62	73	112
Total resales stock	**149**	**178**	**204**
Contracted	37	62	59
Uncontracted	8	13	47
Villas	**45**	**75**	**106**
Contracted	12	12	8
Uncontracted	12	18	18
Apartments	**24**	**30**	**26**
Contracted	36	29	24
Uncontracted	41	42	45
Serviced apartments	**77**	**71**	**69**
Contracted	2	2	1
Uncontracted	1	-	2
Memory care apartments	**3**	**2**	**3**
Contracted	-	-	-
Uncontracted	-	-	-
Care suites	**-**	**-**	**-**

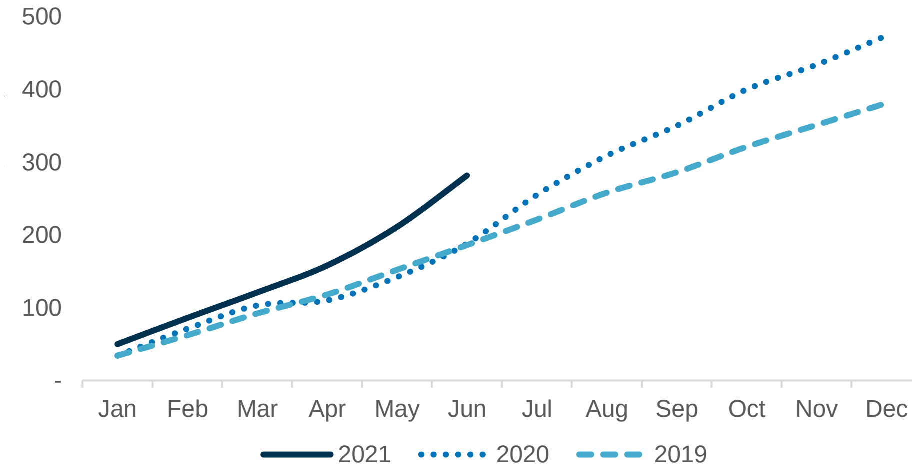
Percentage of uncontracted stock calculated off all units sold under occupation right agreement

Resales performance

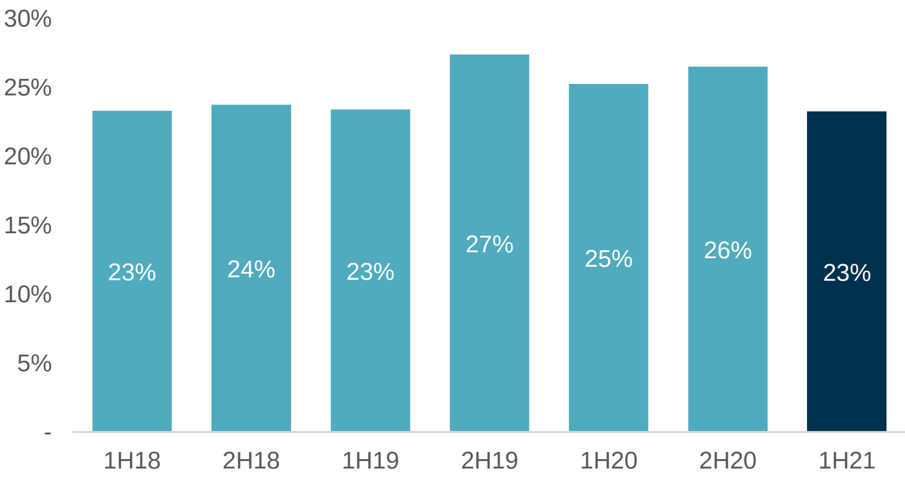
Resales settlements



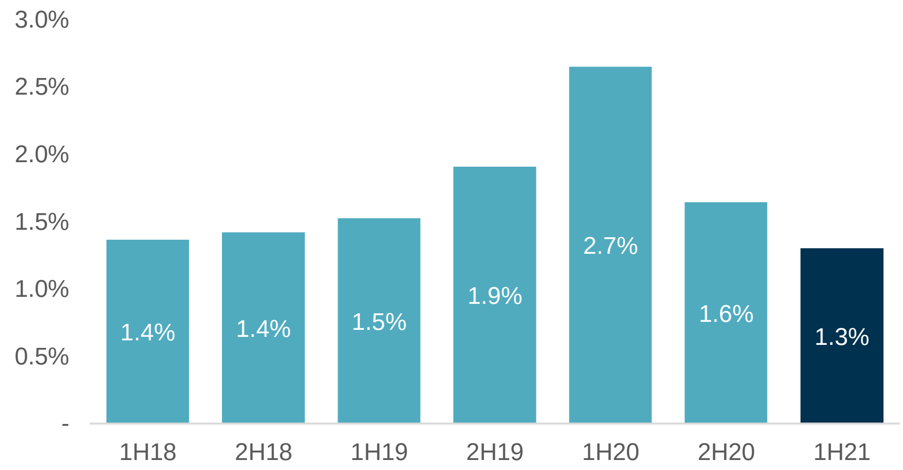
Annual resales contracts



Realised resale gain



Uncontracted resales stock as % of portfolio



Financial results

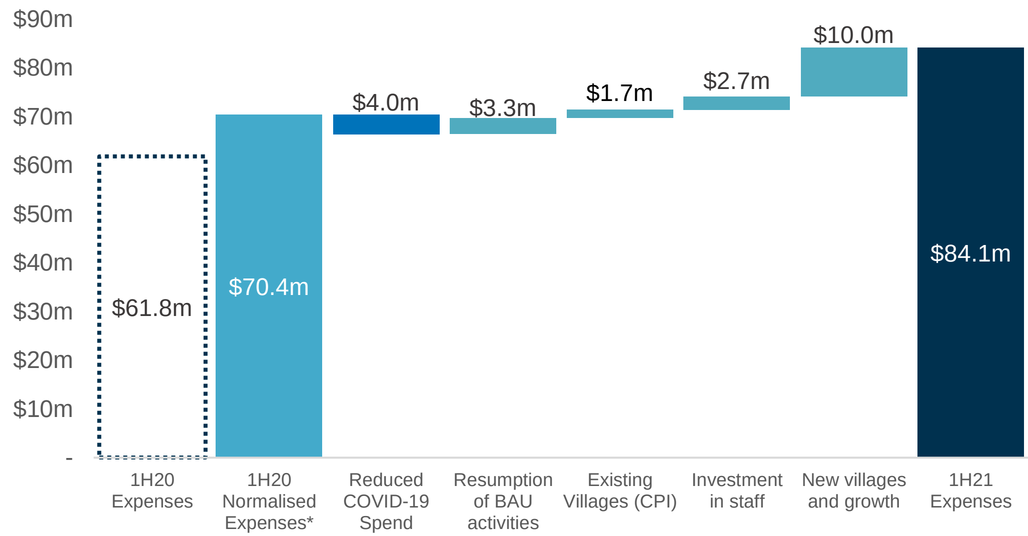
1H21

Reported profit (IFRS)

- Record IFRS NPAT of $263.8m, up from $1.0m in 1H20 (normalised -$7.6m net loss after tax) and already above the full year result for FY20 of $230.8m
- Fair value movement of investment property of $260.2m, including $69.1m from new unit deliveries
- Total revenue of $94.9m, up 16% relative to 1H20
- Total expenses of $84.1m in line with 2H20 when repayment of wage subsidy and one off COVID-19 costs are excluded
- Key movements in expenses from 1H20 include the following:
  - $10.0m relating to the opening of three new villages and the continued sell down of our developing sites
  - $2.7m on previously signalled wage increases for all village and care staff
  - $3.3m associated with a return to standard business operations, primarily relating to marketing and sales activity
  - Offset by $4.0m of 1H20 temporary COVID-19 related expenditure, not incurred in 1H21
- Net finance costs underpinned by increased capitalisation to construction projects

NZ$m	1H21	1H20*	*Variance*	1H19	FY20
Total revenue	94.9	82.0	*16%*	74.0	172.4
Fair value movement of investment property	260.2	(14.7)	*N/A*	85.7	221.1
Total income	**355.1**	**67.4**	***427%***	**159.7**	**393.6**
Total expenses	84.1	61.8	36%	60.8	158.3
Add back wage subsidy	-	8.6	-	-	-
Normalised expenses*	**84.1**	**70.4**	***19%***	**60.8**	**158.3**
Net finance costs	5.3	8.3	*(36%)*	6.8	13.5
Net profit before tax	**265.6**	**(11.3)**	***N/A***	**92.1**	**221.7**
Tax expense / (credit)	1.8	(3.7)	*N/A*	(0.5)	(9.0)
Net profit after tax	**263.8**	**(7.6)**	***N/A***	**92.6**	**230.8**

Movement in total expenses: 1H20 vs 1H21



** Normalised expenses excludes impact of wage and MOH subsidies*

Fair value movement

- 1H21 fair value movement of $260.2m, a record across all prior half and full year reporting periods
- Fair value movement has been driven by:
  - Unit pricing ($168.3m): Reflecting the positive movement in residential house price inflation over the past six months
  - New units built ($69.1m): Value of new units delivered in 1H21
  - Stock discount assumptions: Reversal of previous discount applied to stock settled in FY20 ($20.6m)
  - Discount rates ($6.9m): Change in assumptions used by the valuers
  - Other movements (-$4.7m): Change in all other valuers assumptions
- Refer to the appendices (slide 46 and 47) for key assumptions associated with the investment property valuation

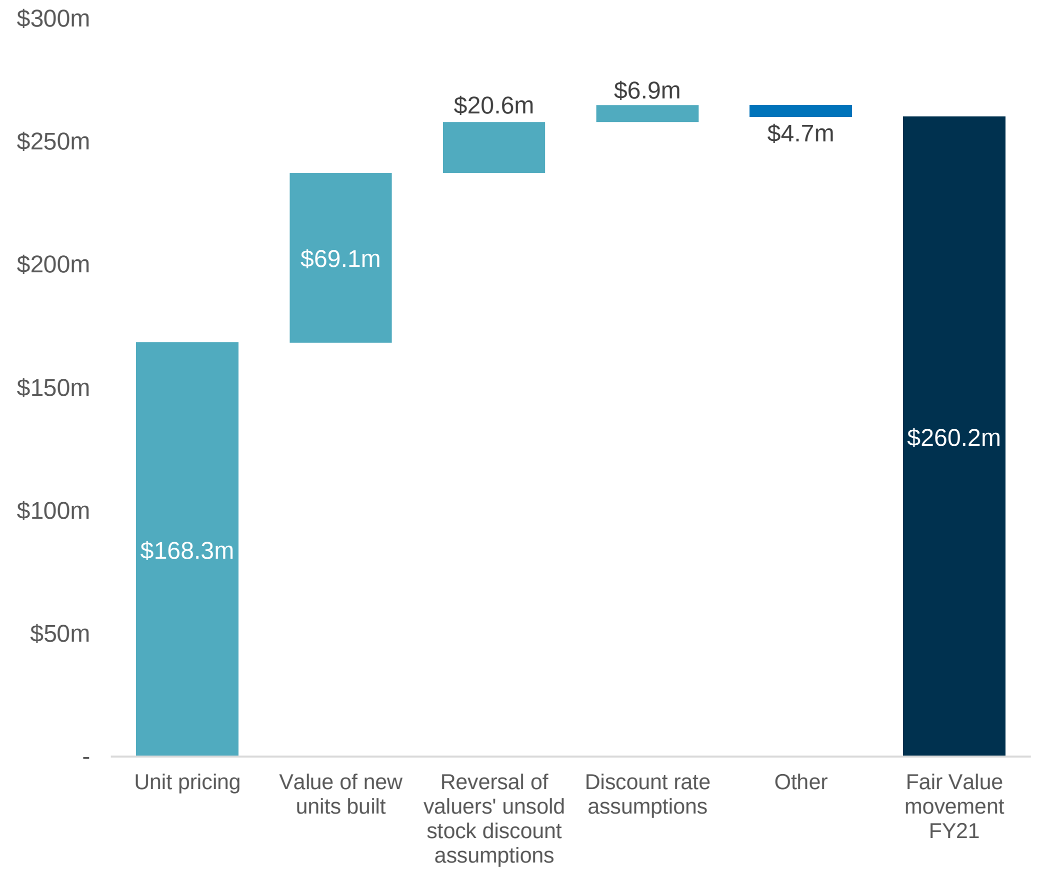
$260.2m

Fair value movement

$69.1m

Increase from new units delivered

Fair value movement of investment property 1H21



Note: Fair value movement reflects the movement in villas, apartments and serviced apartments only

Underlying profit

- Underlying profit of $75.5m, a six month record and up 68% on 1H20
- Uplift in profit driven by the continued improvement in operating earnings across our core business functions in 1H21;
  - Care fees and village services of $59.5m, up 12%
  - Deferred management fee of $35.4m, up 23%
  - Realised gain on resales of $29.4m, up 87% on 1H20 and 106% on 1H19
- Realised development margin of $40.7m, equal to 84% of that achieved across FY20, average margin of $135k per unit
- Underlying profit has seen an annual compounded increase of 34% since listing on the NZX in 2011

$75.5m

Underlying profit

68%

Increase on 1H20

NZ$m	1H21	1H20	*Variance*	1H19	FY20
Care fees and village services	59.5	53.3	*12%*	48.8	111.6
Deferred management fees	35.4	28.7	*23%*	25.1	60.8
Realised gain on resales	29.4	15.7	*87%*	14.3	46.1
Realised development margin	40.7	17.4	*133%*	27.1	48.2
Other income and interest received	0.0	0.0	*(23%)*	0.2	0.1
Total income	**165.0**	**115.1**	***43%***	**115.4**	**266.7**
Operating expenses	79.0	57.8	*36%*	56.9	146.8
Depreciation and amortisation	5.2	3.9	*31%*	3.9	8.1
Net finance costs	5.3	8.3	*(36%)*	6.8	13.5
Total expenses	**89.5**	**70.0**	***28%***	**67.6**	**168.4**
Underlying profit	**75.5**	**45.1**	***68%***	**47.8**	**98.3**

Underlying profit is a non-GAAP measure and differs from NZ IFRS profit for the period. Underlying profit does not have a standardised meaning prescribed by GAAP and therefore may not be comparable to similar financial information presented by other entities. The Directors have provided an underlying profit measure in addition to IFRS profit to assist readers in determining the realised and unrealised components of fair value movement of investment property, impairment and tax expense in the Group's income statement. The measure is used internally in conjunction with other measures to monitor performance and make investment decisions and has been reviewed by Ernst & Young. Underlying profit is a measure which the Group uses consistently across reporting periods. Underlying profit is used to determine the dividend pay out to shareholders.

Cash flows

- Net operating cash flows of $229.7m, up from $92.8m at 1H20
- Net operating business cash flow of $42.5m, up 158% on 1H20, and up from $4.2m in 1H19
- Net receipts from resales were up $32.4m on 1H20 driven by uplift in resales volumes
- Investing cash out flows of $192.4m, up 56% on 1H20, reflect the following:
    - Civils expenditure at our new sites including Whangarei, St Johns and Lower Hutt
    - Main building spend in Avonhead, Kenepuru, Richmond and Te Awa
    - Villa stages across ten sites
- Other investing cash out flows in 1H21 primarily reflect our investment in:
    - Continued upgrade to our assist call systems across our villages
    - Additional IT equipment to support growth

$229.7m

Net operating cash flows

148%

Increase on 1H20 ▲

NZ$m	1H21	1H20	*Variance*	1H19	FY20
Net operating business cash flow	42.5	16.5	*158%*	4.2	29.8
Receipts for residents' loans - new sales	187.2	76.3	*145%*	89.2	237.0
Net operating cash flow	**229.7**	**92.8**	***148%***	**93.3**	**266.8**
Purchase of land	(23.8)	(10.9)	*119%*	1.4	(43.2)
Construction of new IP & care facilities	(149.1)	(100.9)	*48%*	(102.5)	(245.9)
Refurb of existing IP & care facilities	(4.1)	(3.9)	*6%*	(4.1)	(9.4)
Other investing cash flows	(5.6)	(2.7)	*111%*	(1.9)	(8.4)
Capitalised interest paid	(9.8)	(5.1)	*92%*	(5.4)	(11.9)
Net investing cash flow	**(192.4)**	**(123.5)**	***56%***	**(112.5)**	**(318.8)**
Net proceeds from borrowings	(20.1)	41.6	*(148%)*	37.8	78.5
Net dividends paid	(9.8)	(11.1)	*(12%)*	(10.4)	(19.4)
Other financing cash flows	(3.9)	(8.2)	*(53%)*	(6.6)	(12.8)
Net financing cash flow	**(33.8)**	**22.2**	***(252%)***	**20.8**	**46.3**

Balance sheet

- Total assets of $4.4b, up 27% on 1H20
- Investment property valuation of $4.1b, up 27% on 1H20
- Retained earnings are now $1.3b, up 56% from $821.4m at 1H20. This continues to positively impact balance sheet strength and company gearing ratios
- Other assets include land and buildings (primarily care centres)
- Care centres were valued as at 31 December 2020 (to be valued annually from FY21 onwards)
- Net tangible assets per share of $7.07, the highest of all listed operators in the sector

$4.4b

Total assets ▲ 27%

$1.3b

Retained earnings ▲ 56%

NZ$m	1H21	1H20	*Variance*	1H19	FY20
Investment property	4,066	3,206	*27%*	2,824	3,639
Other assets	309.3	227.1	*36%*	204.0	254.4
Total assets	**4,375**	**3,433**	***27%***	**3,028**	**3,893**
Residents' loans	1,708	1,365	*25%*	1,206	1,520
Face value of bank loans & bonds**	662.7	634.9	*4%*	489.3	672.6
Other liabilities	386.7	319.3	*21%*	278.3	345.5
Total liabilities	**2,757**	**2,319**	***19%***	**1,974**	**2,538**
Net assets* **	**1,618**	**1,113**	***45%***	**1,054**	**1,355**
NTA (cents per share)	**707.3**	**491.3**	***44%***	**470.5**	**594.1**

** Embedded value per unit relates to all units sold under ORA only*

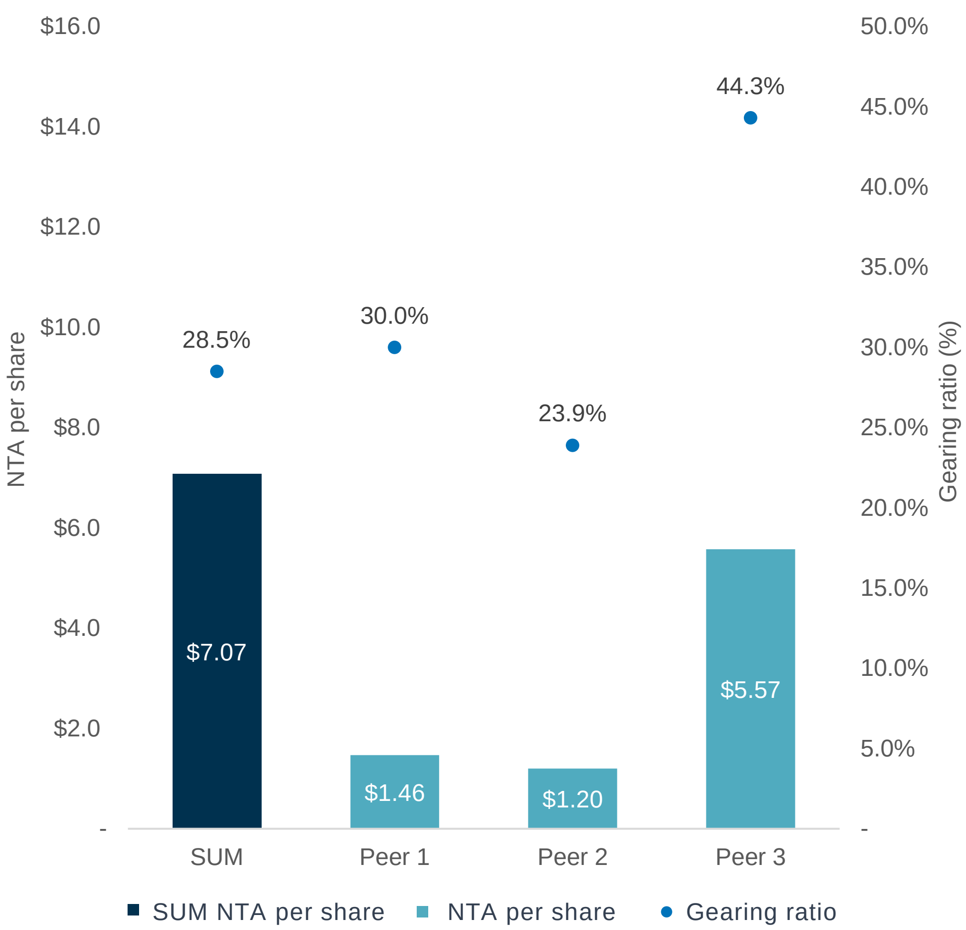
*** Face value of drawn bank debt and retail bonds. Excludes capitalised and amortised bond issue costs, and fair value movement on hedged borrowings.*

**** Net assets includes share capital, reserves, and retained earnings*

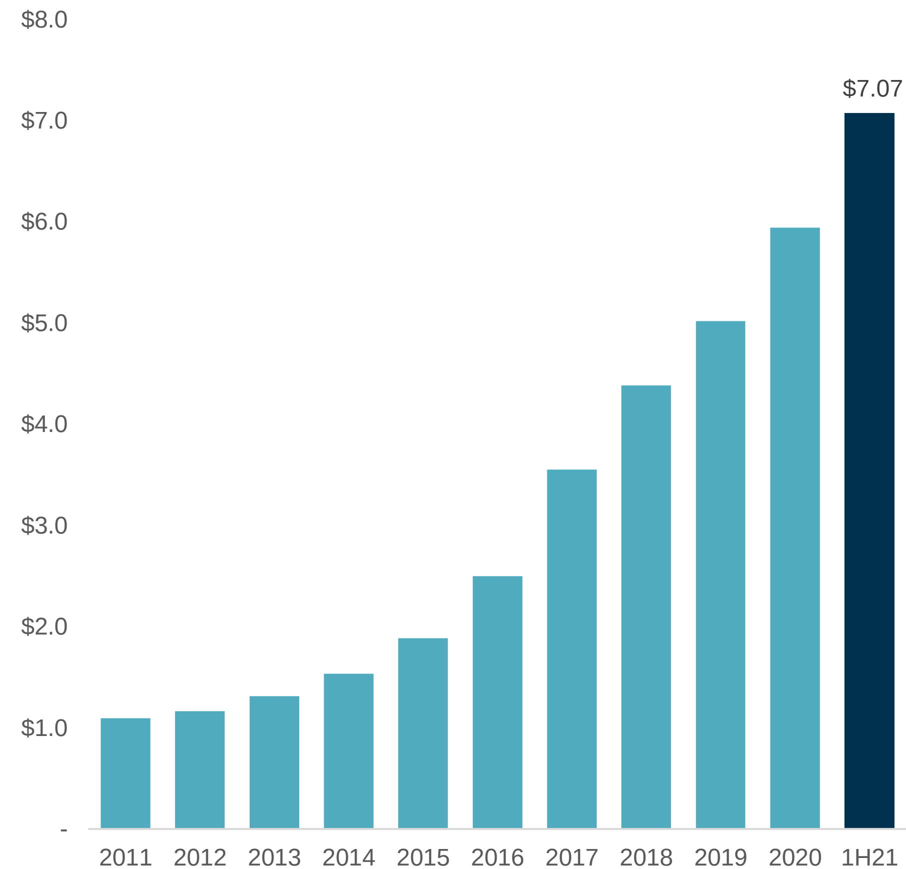
Net tangible assets

Strong financial disciplines underpinning net tangible assets and gearing

Net tangible assets and gearing*



Summerset net tangible assets per share



** Peer results based on most recent results presentations and annual or half year reports*

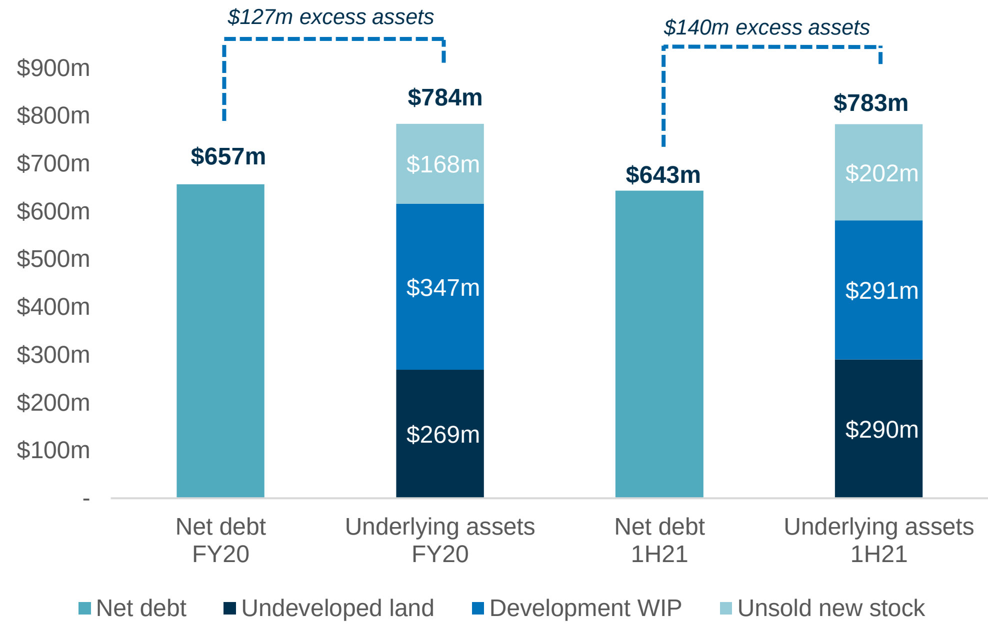
Gearing ratio

- Net debt of $643.3m* as at 30 June 2021, down from $656.8* at FY20
- Decrease in gross debt driven by increase in settlement revenue in the period
- Gearing ratio of 28.5%, down from 35.8% at 1H20 and 32.6% at FY20, now at the lowest level since 2014
- Development assets exceed the value of net debt by $140m, or 22%

28.5% Gearing ratio

31.2% Bank & bond LVR

Net debt to underlying assets – 1H21



NZ$m	1H21	1H20	Variance	1H19	FY20
Gearing ratio (%)**	28.5%	35.8%	*(21%)*	31.3%	32.6%
Bank & bond LVR (%)**	31.2%	37.9%	*(18%)*	32.8%	35.9%

** Face value of drawn bank debt and retail bonds. Excludes capitalised and amortised bond issue costs, and fair value movement on hedged borrowings less cash and cash equivalents*

*** Gearing ratio calculation (net debt / net debt plus book equity) differs from the Summerset Group's bank and bond LVR covenant (Total debt of the Summerset Group / Property value of the Summerset Group)*

Funding

- Summerset completed a loan facility refinance in August 2021 for approximately $700m, with an effective date of 1 October 2021
- Includes the refinance of $315m that was due to mature in March 2022, with additional funding of approximately $385m, primarily in Australian dollars
- The increased capacity provides sufficient headroom to fund growth in Australia, in line with previously signalled plans
- Bank facility now approximately $1.2b, with existing $375m of retail bonds
- The facility has a mix of four and five year tenures with an average tenure of 4.2 years
- New Sustainability Linked Lending arrangement added as part of our bank refinancing, incorporating the following targets:
    - Construction waste diversion from landfill
    - The roll out of memory care suites and the continuation of dementia friendly accreditation
    - An emissions reduction target that will align with, and encompass, other initiatives

** Face value of drawn bank debt and retail bonds. Excludes capitalised and amortised bond issue costs, and fair value movement on hedged borrowings less cash and cash equivalents*

*** Gearing ratio calculation (net debt / net debt plus book equity) differs from the Summerset Group's bank and bond LVR covenant (Total debt of the Summerset Group / Property value of the Summerset Group)*

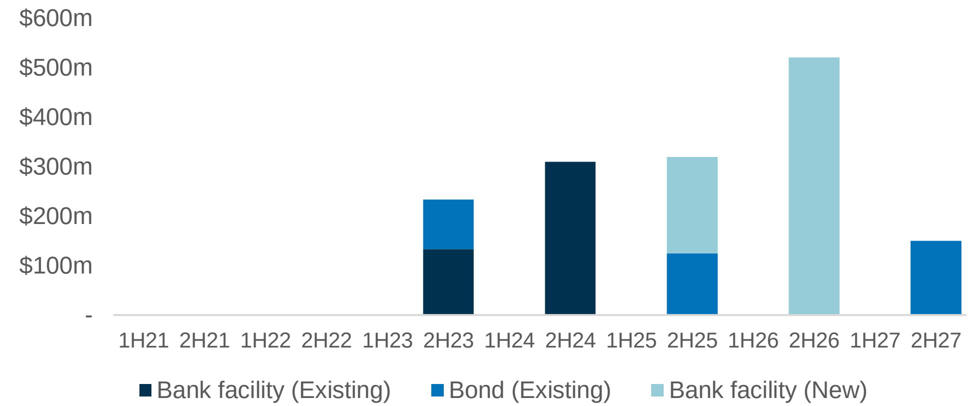
$1.2b

Bank facility

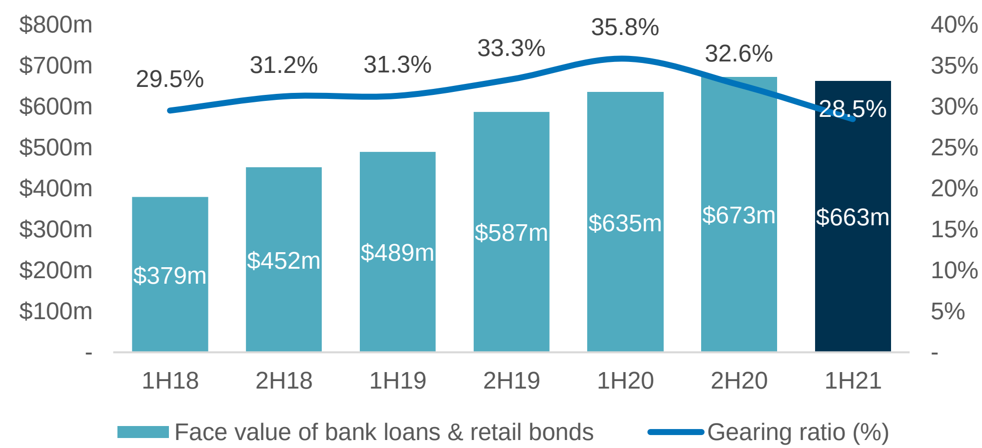
$375m

Retail bonds

Refinanced funding maturity profile



Gross borrowings and gearing



Interim Dividend

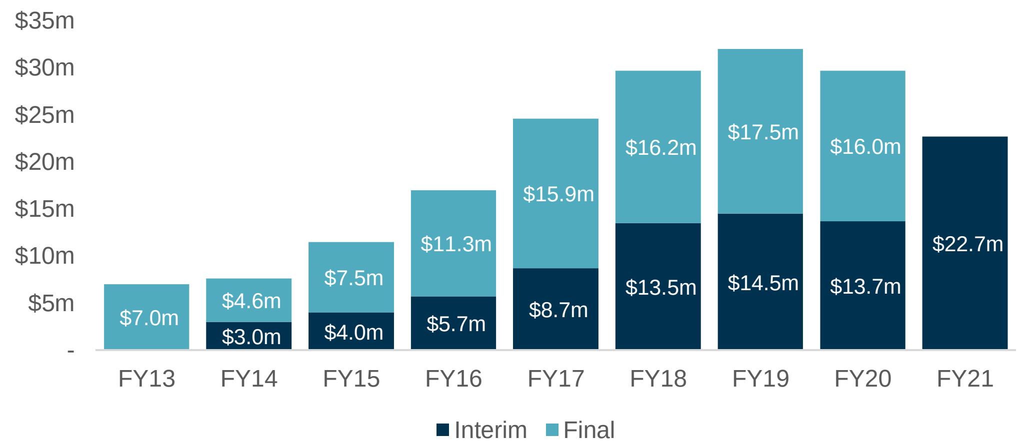
1H21

Interim dividend

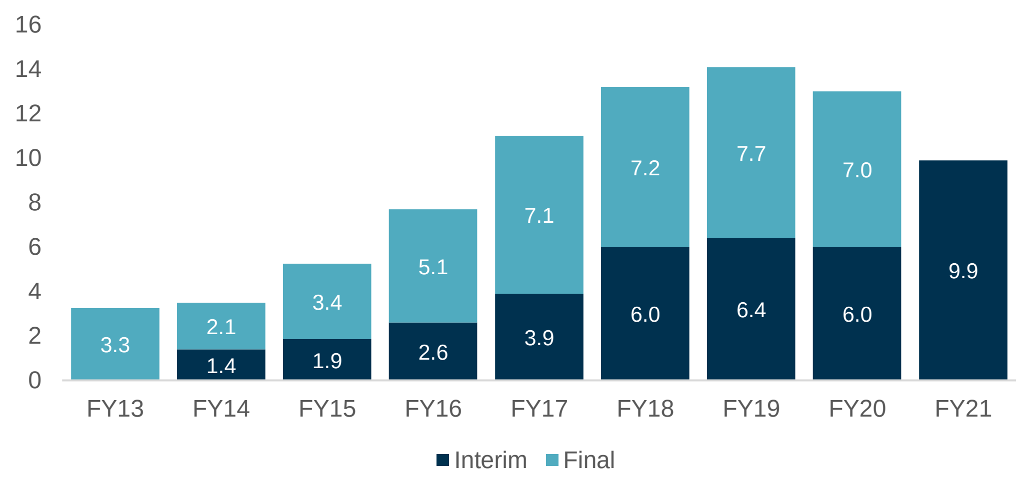
Declared 1H21 interim dividend of 9.9 cents per share

- The Board has declared an interim dividend of 9.9 cents per share, unimputed. This compares to a 2020 interim dividend of 6.0 cents per share
- This represents a pay-out for the first half of 2021 of approximately $22.7m, 30% of 1H21 underlying profit
- The dividend reinvestment plan (DRP) will apply to this dividend enabling shareholders to take shares in lieu of the cash dividend
- A discount of 2% will be applied when determining the price per share of shares issued under the DRP
- Eligible investors wishing to take up the DRP must register by 5.30pm NZT on Wednesday 8 September 2021. Any applications received on or after this time will be applied to subsequent dividends
- The interim dividend will be paid on Monday 20 September 2021. The record date for final determination of entitlements to the interim dividend is Tuesday 7 September 2021
- The dividend policy remains 30% to 50% of underlying profit for the full year period. As previously indicated, dividend payments are likely to continue to be at the bottom end of this range given the growth opportunities present for the business at this time

Gross dividend payout per year



Dividend per share



Questions

1H21

Disclaimer

- This presentation may contain projections or forward looking statements regarding a variety of items. Such forward looking statements are based upon current expectations and involve risks and uncertainties
- Actual results may differ materially from those stated in any forward looking statement based on a number of important factors and risks
- Although management may indicate and believe the assumptions underlying the forward looking statements are reasonable, any of the assumptions could prove inaccurate or incorrect and, therefore, there can be no assurance that the results contemplated in the forward looking statements will be realised
- Furthermore, while all reasonable care has been taken in compiling this presentation, Summerset accepts no responsibility for any errors or omissions
- This presentation does not constitute investment advice

Summerset

Appendix

1H21

1H21 underlying profit reconciliation

Reconciliation of underlying profit to reported net profit after tax

Financial (NZ$m)

	1H21	1H20	*Variance*	1H19	FY20
Net profit before tax (IFRS)	265.6	(2.7)	*N/A*	92.1	221.7
Net profit after tax (IFRS)	**263.8**	**1.0**	***26,601%***	**92.6**	**230.8**
(Less)/ add fair value movement of investment property	-	-	*N/A*	-	3.4
Add impairment of assets	(260.2)	14.7	*N/A*	(85.7)	(221.1)
Add realised gain on resales	29.4	15.7	*87%*	14.3	46.1
Add realised development margin	40.7	17.4	*134%*	27.1	48.2
Add/(less) deferred tax expense/(credit)	1.8	(3.7)	*(149%)*	(0.5)	(9.0)
Underlying profit*	**75.5**	**45.1**	***68%***	**47.8**	**98.3**

** Underlying profit is a non-GAAP measure and differs from NZ IFRS profit for the period. Underlying profit does not have a standardised meaning prescribed by GAAP and therefore may not be comparable to similar financial information presented by other entities. The Directors have provided an underlying profit measure in addition to IFRS profit to assist readers in determining the realised and unrealised components of fair value movement of investment property, impairment and tax expense in the Group's income statement. The measure is used internally in conjunction with other measures to monitor performance and make investment decisions and has been reviewed by Ernst & Young. Underlying profit is a measure which the Group uses consistently across reporting periods. Underlying profit is used to determine the dividend pay out to shareholders.*

Historical trends

Underlying profit 10 year CAGR of 34%

	Full Year Results	10 Year CAGR*	1H21	2H20	1H20	2H19	1H19	FY11 NZX listed
Operational	New sales of occupation rights	19%	302	276	128	193	136	108
Operational	Resales of occupation rights	15%	243	245	136	181	142	123
Operational	**Total sales**	**17%**	**545**	**521**	**264**	**374**	**278**	**231**
Operational	New units delivered**	19%	347	231	182	215	139	122
Operational	Retirement units in portfolio***	14%	4,669	4,385	4,195	4,076	3,861	1,486
Operational	Care units in portfolio****	13%	1,035	972	931	868	868	327
Financial (NZ$m)	Total revenue ($m)	19%	94.9	90.4	82.0	79.9	74.0	33.7
Financial (NZ$m)	**Net profit after tax ($m)**	**62%**	**263.8**	**229.8**	**1.0**	**82.7**	**92.6**	**4.3**
Financial (NZ$m)	**Underlying profit***** ($m)**	**34%**	**75.5**	**53.2**	**45.1**	**58.4**	**47.8**	**8.1**
Financial (NZ$m)	Net operating cash flow ($m)	27%	229.7	174.0	92.8	144.6	93.3	43.7
Financial (NZ$m)	Total assets ($m)	22%	4,375	3,893	3,433	3,338	3,028	616.9
Financial (NZ$m)	Total equity ($m)	21%	1,618	1,355	1,113	1,132	1,054	233.4
Financial (NZ$m)	Interest bearing loans and borrowings ($m)	26%	670.8	687.1	654.8	597.1	499.8	69.1
Financial (NZ$m)	Cash and cash equivalents ($m)	-	19.4	15.8	13.0	21.5	9.1	9.0
Financial (NZ$m)	Gearing ratio (Net D/ Net D+E)	-	28.5%	32.6%	35.8%	33.3%	31.3%	20.5%
Financial (NZ$m)	EPS (cents) (IFRS profit)	58%	115.9	101.9	0.4	36.9	41.7	2.4
Financial (NZ$m)	NTA (cents)	21%	707.3	594.1	491.3	502.0	470.5	109.3
Financial (NZ$m)	Development margin (%)	-	22%	18%	22%	27%	28%	6%

** Compound annual growth rate*

*** New units delivered includes all retirement units and care units*

**** Retirement units include villas, apartments and serviced apartments*

***** Care units include memory care apartments, care suites and care beds*

****** Underlying profit differs from NZ IFRS reported profit after tax. The measure has been reviewed by Ernst & Young. Refer to slide 44 for a reconciliation between the two measures, and note 2 of the financial statements for detail on the components of underlying profit*

Fair value movement

Fair value movement of investment property – key assumptions

Fair value movement of investment property		Value of investment property*	Fair value gain/(loss)	Key valuation assumptions					
Village	Location	NZ$m	NZ$m	Discount rate	Growth rate Yr 1	Growth rate Yr 2	Growth rate Yr 3	Growth rate Yr 4	Growth rate Yr 5+
Summerset by the Park	Manukau	162.7	7.1	13.50%	2.0%	1.0%	2.0%	2.5%	3.5%
Summerset by the Lake	Taupō	76.4	6.9	15.50%	2.0%	1.0%	2.0%	2.5%	3.5%
Summerset in the Bay	Napier	89.2	5.7	13.75%	2.0%	2.3%	2.5%	2.8%	3.5%
Summerset in the Orchard	Hastings	96.2	8.5	14.75%	2.0%	2.3%	2.5%	2.8%	3.5%
Summerset in the Vines	Havelock North	79.0	7.5	14.50%	2.0%	2.3%	2.5%	2.8%	3.5%
Summerset in the River City	Wanganui	37.8	1.9	15.50%	2.0%	2.3%	2.5%	2.8%	3.0%
Summerset on Summerhill	Palmerston North	58.3	3.6	14.50%	2.0%	2.3%	2.5%	2.8%	3.5%
Summerset by the Ranges	Levin	35.0	3.1	15.25%	2.0%	2.3%	2.5%	2.8%	3.5%
Summerset on the Coast	Paraparaumu	72.7	7.5	14.50%	2.0%	1.0%	2.0%	2.5%	3.5%
Summerset at Aotea	Aotea	121.5	8.8	14.25%	2.0%	1.0%	2.0%	2.5%	3.5%
Summerset in the Sun	Nelson	176.3	13.7	13.75%	2.0%	1.0%	2.0%	2.5%	3.5%
Summerset at Bishopscourt	Dunedin	59.1	4.0	14.75%	2.0%	1.0%	2.0%	3.0%	3.5%
Summerset down the Lane	Hamilton	150.2	8.9	14.00%	2.0%	1.0%	2.0%	2.5%	3.5%
Summerset Mountain View	New Plymouth	84.3	4.4	14.75%	2.0%	1.0%	2.0%	2.5%	3.5%
Summerset Falls	Warkworth	205.3	15.7	14.00%	2.0%	1.0%	2.0%	2.5%	3.5%
Summerset at Karaka	Karaka	194.6	5.9	14.25%	2.0%	1.0%	2.0%	2.5%	3.5%
Summerset at Wigram	Wigram	128.8	3.3	14.50%	2.0%	1.0%	2.0%	3.0%	3.5%
Summerset at the Course	Trentham	185.5	8.2	14.00%	2.0%	1.0%	2.0%	2.5%	3.5%
Summerset by the Sea	Katikati	113.4	9.5	14.75%	2.0%	1.0%	2.0%	2.5%	3.5%
Total for completed villages		**2,126**	**134.2**						

** Value of non land capital work in progress not represented in the above table*

Fair value movement

Fair value movement of investment property – key assumptions

Fair value movement of investment property Village	Location	Value of investment property* NZ$m	Fair value gain/(loss) NZ$m	Key valuation assumptions Discount rate	Growth rate Yr 1	Growth rate Yr 2	Growth rate Yr 3	Growth rate Yr 4	Growth rate Yr 5+
Summerset at Monterey Park	Hobsonville	271.0	3.6	14.00%	2.0%	1.0%	2.0%	2.5%	3.5%
Summerset at Heritage Park	Ellerslie	347.8	42.2	14.75%	2.0%	1.0%	2.0%	2.5%	3.5%
Summerset Rototuna	Rototuna	155.4	21.2	15.00%	2.0%	1.0%	2.0%	2.5%	3.5%
Summerset on Cavendish	Casebrook	151.2	9.1	15.00%	2.0%	1.0%	2.0%	3.0%	3.5%
Summerset Richmond Ranges	Richmond	99.7	6.2	15.25%	2.0%	1.0%	2.0%	2.5%	3.5%
Summerset at Avonhead	Avonhead	78.3	5.8	15.75%	2.0%	1.0%	2.0%	3.0%	3.5%
Summerset on the Landing	Kenepuru	78.4	4.9	16.00%	2.0%	1.0%	2.0%	2.5%	3.5%
Summerset Palms	Te Awa	60.3	9.2	16.00%	2.0%	1.0%	2.0%	2.5%	3.5%
Summerset by the Dunes	Pāpāmoa Beach	41.6	5.2	16.00%	2.0%	1.0%	2.0%	2.5%	3.5%
Summerset Pohutukawa Place	Bell Block	31.3	6.3	16.38%	2.0%	1.0%	2.0%	2.5%	3.5%
Summerset Boulcott	Lower Hutt	15.9	1.4	n/a	n/a	n/a	n/a	n/a	n/a
Summerset St Johns	St Johns	41.8	0.0	n/a	n/a	n/a	n/a	n/a	n/a
Summerset Mount Denby	Whangārei	12.3	1.2	16.50%	2.0%	1.0%	2.0%	2.5%	3.5%
Total for villages in development		**1,385**	**116.3**						
Total for proposed villages		**247.5**	**9.6**						
Total for all villages		**3,759**	**260.2**						

** Value of non land capital work in progress not represented in the above table*

Portfolio as at 30 June 2021

5,704 total units including 941 care beds

	Existing portfolio - as at 30 June 2021						
	Retirement units			Care units			
Village	Villas	Apartments	Serviced apartments	Memory care apartments	Care suites	Care beds	Total units and care beds
Whangārei	3	-	-	-	-	-	3
Northland	**3**	**-**	**-**	**-**	**-**	**-**	**3**
Ellerslie	38	218	57	-	-	58	371
Hobsonville	125	73	52	-	-	52	302
Karaka	182	-	59	-	-	50	291
Manukau	89	67	27	-	-	54	237
Warkworth	202	2	44	-	-	41	289
Auckland	**636**	**360**	**239**	**-**	**-**	**255**	**1,490**
Hamilton	183	-	50	-	-	49	282
Rototuna	156	-	56	20	7	36	275
Taupō	94	34	18	-	-	-	146
Waikato	**433**	**34**	**124**	**20**	**7**	**85**	**703**
Katikati	156	-	20	-	-	27	203
Pāpāmoa Beach	37	-	-	-	-	-	37
Bay of Plenty	**193**	**-**	**20**	**-**	**-**	**27**	**240**
Hastings	146	5	-	-	-	-	151
Havelock North	94	28	-	-	-	45	167
Napier	94	26	20	-	-	48	188
Te Awa	68	-	-	-	-	-	68
Hawke's Bay	**402**	**59**	**20**	**-**	**-**	**93**	**574**
Bell Block	32	-	-	-	-	-	32
New Plymouth	108	-	40	-	-	52	200
Taranaki	**140**	**-**	**40**	**-**	**-**	**52**	**232**

Portfolio as at 30 June 2021

5,704 total units including 941 care beds

Existing portfolio - as at 30 June 2021							
	Retirement units			Care units			
Village	Villas	Apartments	Serviced apartments	Memory care apartments	Care suites	Care beds	Total units and care beds
Levin	64	22	-	10	-	41	137
Palmerston North	90	12	-	-	-	44	146
Wangānui	70	18	12	-	-	37	137
Manawatu-Wanganui	**224**	**52**	**12**	**10**	**-**	**122**	**420**
Aotea	96	33	38	-	-	-	167
Kenepuru	51	24	-	-	-	-	75
Paraparaumu	92	22	-	-	-	44	158
Trentham	231	12	40	-	-	44	327
Wellington	**470**	**91**	**78**	**-**	**-**	**88**	**727**
Nelson	214	-	55	-	-	59	328
Richmond	84	-	56	20	17	26	203
Nelson-Tasman	**298**	**-**	**111**	**20**	**17**	**85**	**531**
Avonhead	95	-	-	-	-	-	95
Casebrook	166	-	56	20	-	43	285
Wigram	159	-	53	-	-	49	261
Christchurch	**420**	**-**	**109**	**20**	**-**	**92**	**641**
Dunedin	61	20	20	-	-	42	143
Otago	**61**	**20**	**20**	**-**	**-**	**42**	**143**
Total	**3,280**	**616**	**773**	**70**	**24**	**941**	**5,704**

Future development

Largest New Zealand land bank for a retirement village operator of 5,267 units and beds*

Landbank – as at 30 June 2021							
	Retirement units			Care units			
Village	Villas	Apartments	Serviced apartments	Memory care apartments	Care suites	Care beds	Total units and care beds
Whangarei	214	-	60	20	27	7	328
Northland	**214**	**-**	**60**	**20**	**27**	**7**	**328**
Half Moon Bay	-	224	50	20	48	-	342
Hobsonville	38	-	-	-	-	-	38
Milldale	102	124	60	20	27	7	340
Parnell	-	216	36	20	44	-	316
St Johns	-	225	73	-	30	-	328
Auckland	**140**	**789**	**219**	**60**	**149**	**7**	**1,364**
Papamoa Beach	174	-	60	20	27	7	288
Bay of Plenty	**174**	**-**	**60**	**20**	**27**	**7**	**288**
Cambridge	260	-	60	20	27	7	374
Rototuna	32	-	-	-	-	-	32
Waikato	**292**	**-**	**60**	**20**	**27**	**7**	**406**
Bell Block	190	-	60	20	27	7	304
Taranaki	**190**	**-**	**60**	**20**	**27**	**7**	**304**
Te Awa	173	-	56	20	17	26	292
Hawke's Bay	**173**	**-**	**56**	**20**	**17**	**26**	**292**
Kenepuru	61	24	86	20	17	26	234
Lower Hutt	46	109	58	12	12	12	249
Waikanae	217	-	60	20	27	7	331
Wellington	**324**	**133**	**204**	**52**	**56**	**45**	**814**

** Land bank as at 30 June 2021, excludes Kelvin Grove and Craigieburn*

Future development

Largest New Zealand land bank for a retirement village operator of 5,267 units and beds*

Landbank – as at 30 June 2021							
	Retirement units			Care units			
Village	Villas	Apartments	Serviced apartments	Memory care apartments	Care suites	Care beds	Total units and care beds
Richmond	184	-	-	-	-	-	184
Nelson-Tasman	**184**	**-**	**-**	**-**	**-**	**-**	**184**
Blenheim	148	-	61	20	27	7	263
Marlborough	**148**	**-**	**61**	**20**	**27**	**7**	**263**
Avonhead	70	-	79	20	17	26	212
Casebrook	103	-	-	-	-	-	103
Rangiora	260	-	60	20	27	7	335
Prebbleton	221	-	60	20	27	7	374
Canterbury	**654**	**-**	**199**	**60**	**71**	**40**	**1,024**
Total NZ	**2,493**	**922**	**979**	**292**	**428**	**153**	**5,267**
Chirnside Park	175	-	50	36	36	-	297
Cranbourne North	145	-	50	36	36	-	267
Torquay	203	-	53	18	18	-	292
Total Australia	**523**	**-**	**153**	**90**	**90**	**-**	**856**
Total NZ and Australia	**3,016**	**922**	**1,132**	**382**	**518**	**153**	**6,123**

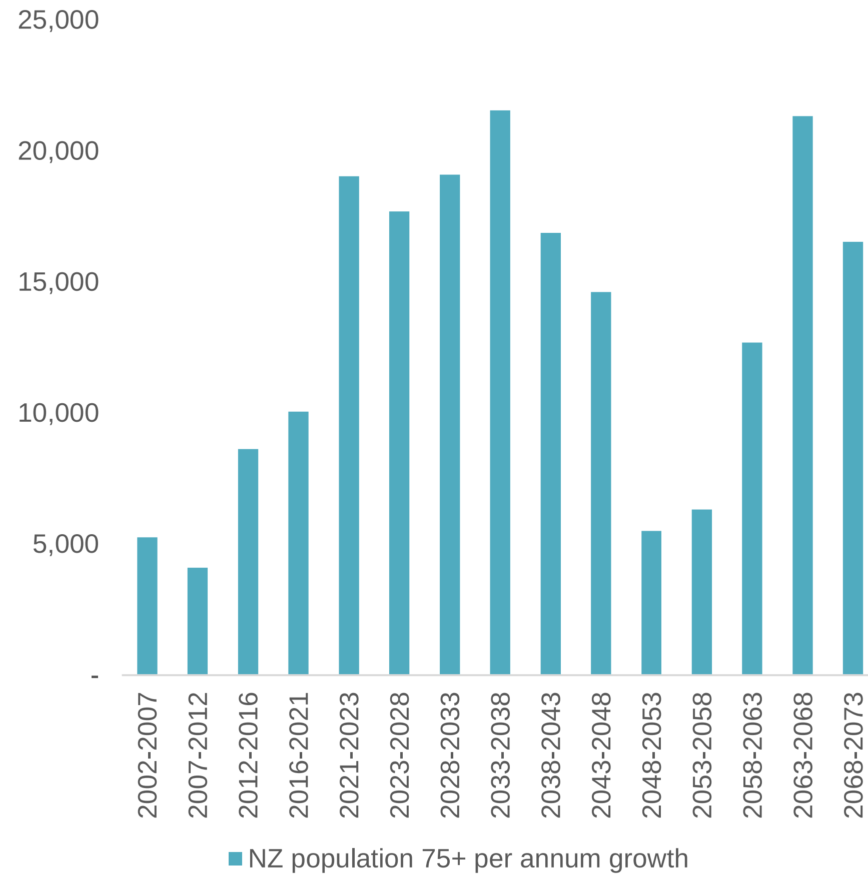
** Land bank as at 30 June 2021, excludes Kelvin Grove and Craigieburn*

Demographics

Population over 75 years forecast to grow 231% from 2021 to 2073

Population growth 75 years and over

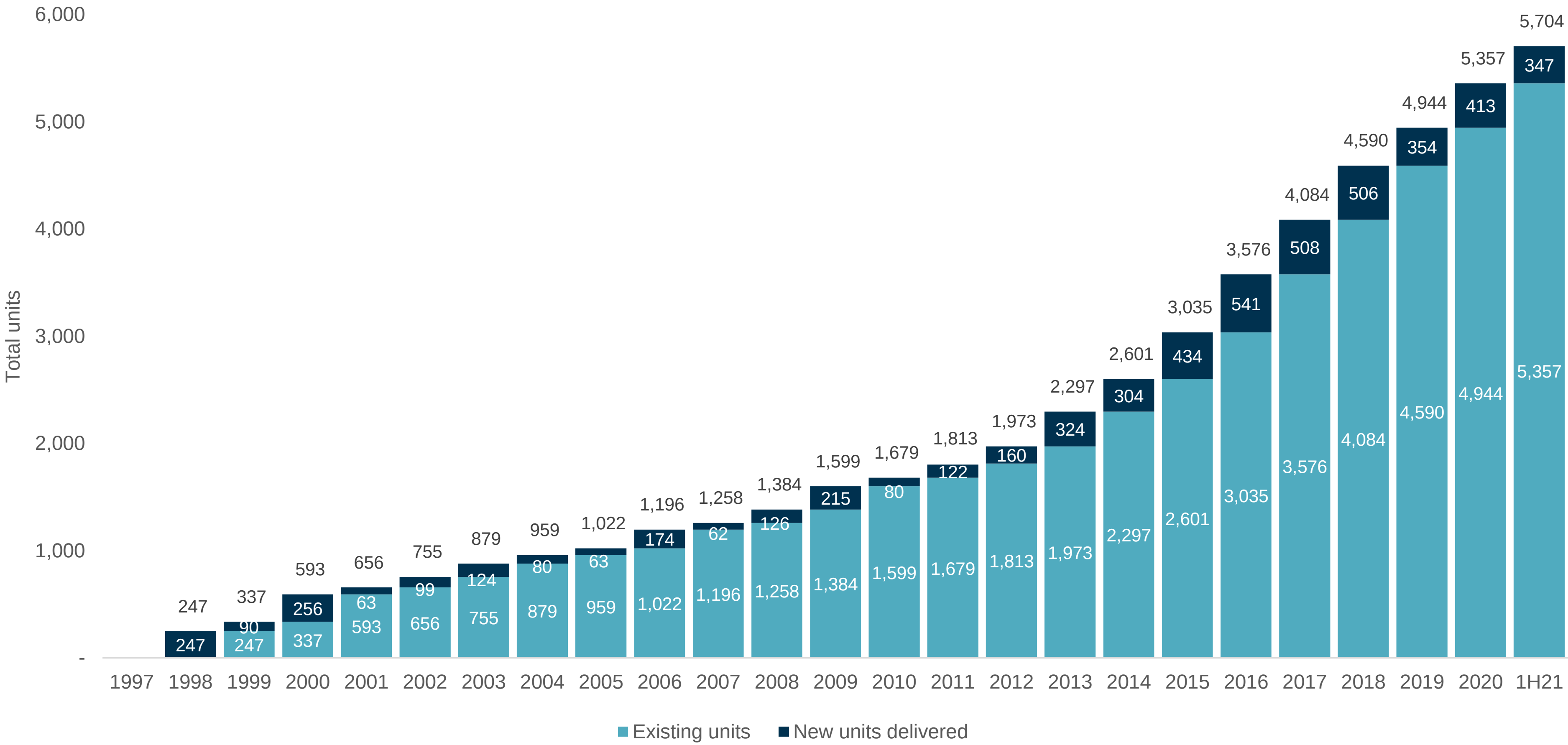
Per annum population growth 75 years and over



Summerset growth

24 years of consistent delivery and growth

Summerset build rate

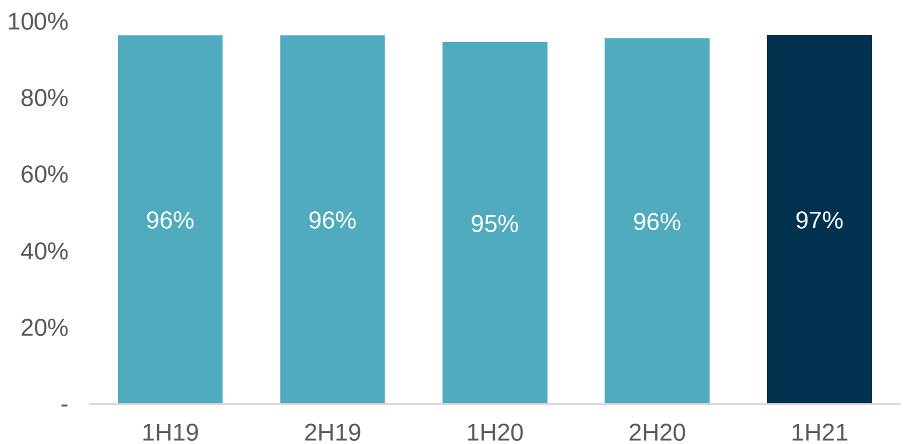


New units delivered includes retirement units, memory care apartments, care suites and care beds

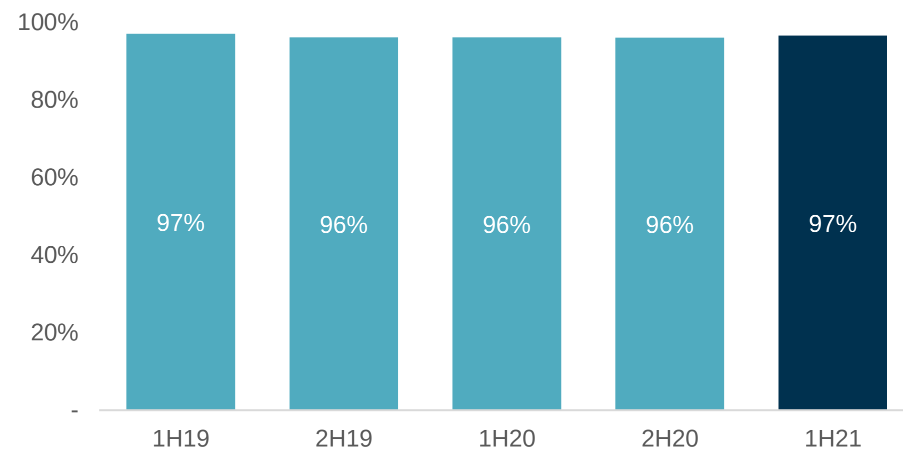
Customer profile & occupancy

Occupancy, tenure and resident demographic statistics

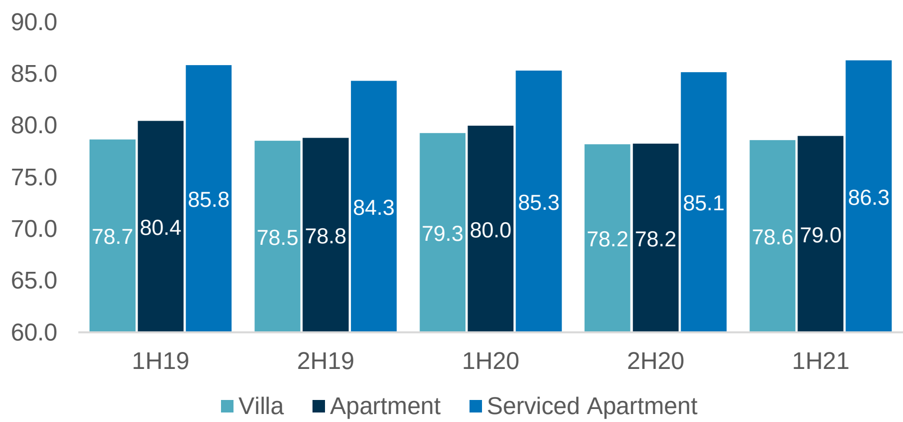
Occupancy – retirement villages



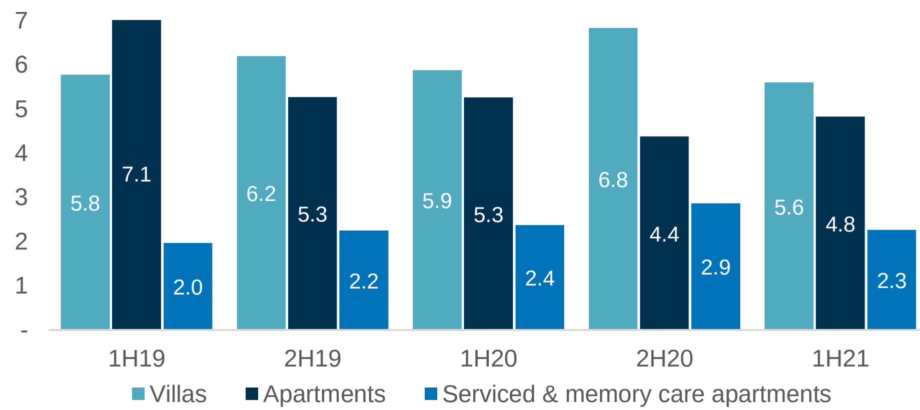
Occupancy – established care centres



Average entry age of residents (years)



Average tenure (years)



Ngā mihi

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