

Retail Bond Presentation

Summerset Group Holdings Limited

27 February 2024



Summerset at Pōhutukawa Place (Bell Block, New Plymouth)

Joint Lead Managers



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Refer to Note 2 of the 2023 Financial Statements for a reconciliation of non-GAAP underlying profit to GAAP net profit after tax.

Agenda

- 01 Offer Highlights
- 02 Business Overview
- 03 Financial Performance
- 04 Funding and Security Structure
- 05 Offer Terms and Timetable
- 06 Questions
- 07 Appendix



Offer highlights

Bond offer further diversifies funding sources and provides tenor

- Total bank debt facilities of approximately \$1.5b and total retail bonds of \$450m before the offer
- Net debt of \$1.4b as at 31 December 2023
- This bond will be used to repay a portion of existing drawn bank debt and/or for general corporate purposes, whilst also providing further diversification of funding sources and tenor
- The existing bank debt facilities will remain in place providing funding headroom to continue our strong, well-managed development growth

Retail bond offer	Details
Issuer	Summerset Group Holdings Limited (listed on the NZX and ASX)
Instrument	Fixed rate, guaranteed, secured, unsubordinated bonds (Bonds)
Guarantee and Security	Provided by the Issuer and each of the other Guarantors Equal ranking with Summerset's bank lenders and existing bondholders
Issue Size	Up to \$75m, with the ability to accept oversubscriptions of up to an additional \$50m at the Issuer's discretion
Maturity	6 year Bonds, maturing Friday 8 March 2030
Credit Rating	The Bonds will not be rated
Quotation	Application to quote the Bonds on the NZX Debt Market (NZDX) has been made
Joint Lead Managers	CBA, Craigs Investment Partners, Forsyth Barr, and Jarden

Business Overview



Investment highlights

1

Compelling fundamentals in the retirement village and aged care sector, driven by an ageing population and increasing market penetration

2

Well positioned for growth with largest New Zealand land bank for a retirement village operator and a successful track record of delivering new retirement units and care beds

3

Australia is a substantial opportunity to replicate the growth and success in NZ with capacity to build over 2,100 units across seven Australian villages

4

Strong corporate governance and experienced management team with a 25+ year track record of consistent delivery in both operational and development capability

5

Strong balance sheet with quality assets and a prudent approach to capital management

6

Funding is primarily used as working capital to fund developments through their lifecycle, with debt recycled out of villages into new developments as they are built and sold down



Summerset snapshot

Diversified portfolio and land bank throughout New Zealand and Australia



Our people

8,000+

Residents



Our care

1,284

Care units in portfolio¹



Our portfolio

6,087

Retirement units in portfolio



Our capital

\$2.4b

Market capitalisation

2,800+

Staff members

1,338

Care units in land bank

5,571

Retirement units in land bank

Dual Listed

NZX / ASX since 2011

\$6.9b

Total assets

34.7%

Gearing²



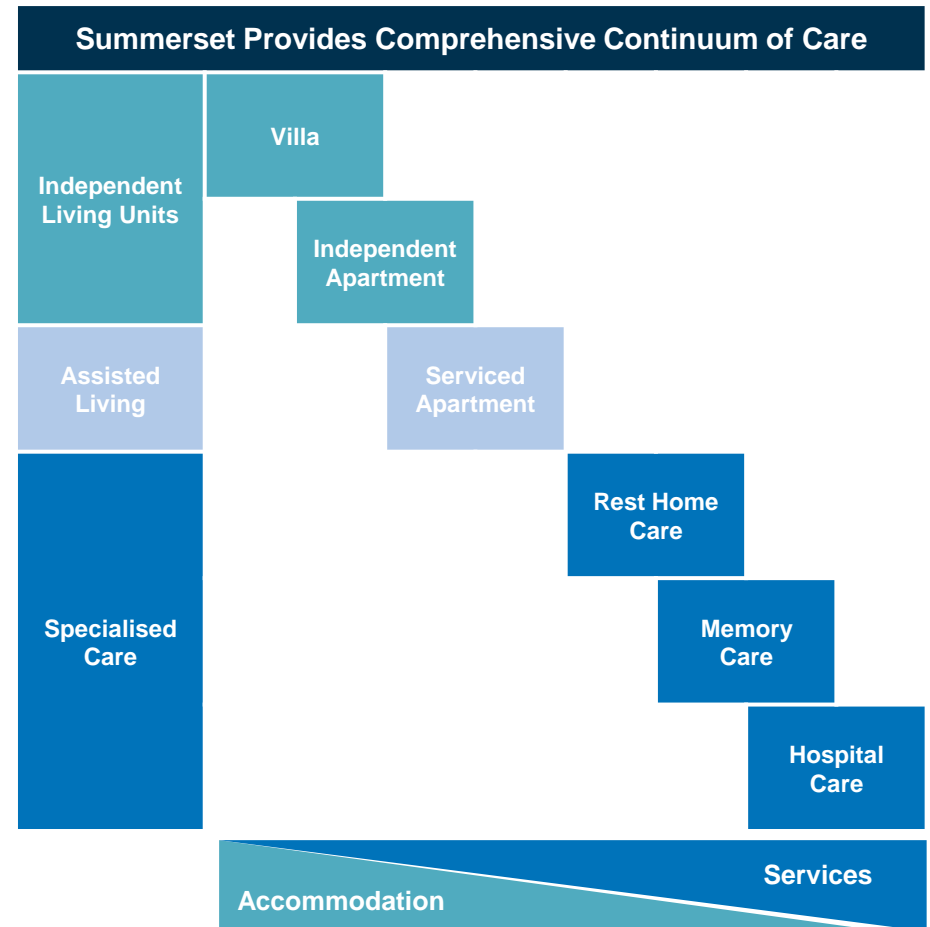
1. Care units includes care suites, memory care apartments and care beds

2. Gearing is defined as net debt divided by net debt plus equity

Summerset background

Continuum of care continues to offer a compelling proposition to our residents

- Continuum of care provides peace of mind for our residents as they will be cared for when their health needs change in the future
- Alignment of quality care and facilities across all our villages with a focus on quality not scale
- Industry-leading dementia strategy, memory care centres and support throughout our villages
- Offering care attracts older residents to our retirement units leading to a shorter average tenure
- In NZ, Summerset's aged care offering is focused on providing care for its own retirement village residents to age in one place – and as such has a lower proportion of aged care than its NZ peers (who typically also provide aged care to the wider community)
- The continuum of care model is less common in Australia and provides a competitive advantage when entering this market. New residents are conscious of their future care needs and consider this when choosing retirement villages



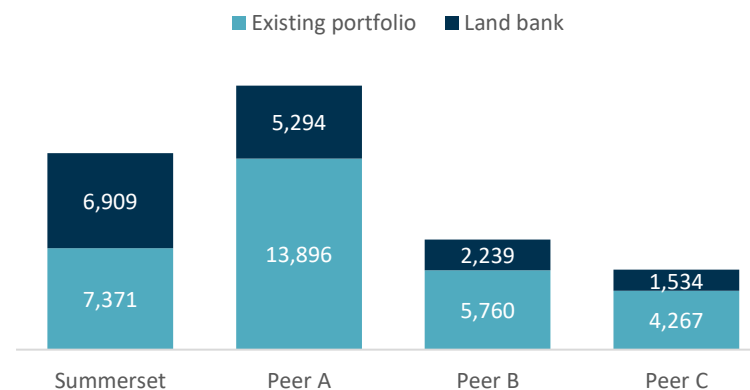
Well positioned for growth

Summerset is the second largest and fastest growing operator in the New Zealand retirement sector

- Land bank with capacity to build an additional 6,909 new units in New Zealand and Australia, including 5,571 retirement units* and 1,338 care units**, positions us well for further delivery growth beyond FY23
- A large and geographically diverse land bank allows delivery over a greater number of sites, providing flexibility to capitalise on positive market opportunities
- Twenty greenfield sites in New Zealand including St Johns, Cambridge, Lower Hutt, Milldale, Prebbleton and Waikanae
- Seven greenfield sites in Australia at Cranbourne North, Chirnside Park, Torquay, Mernda, Drysdale, Craigieburn and Oakleigh South
- Secured “approved provider” status from the Department of Health in Australia to deliver residential aged care and home care services

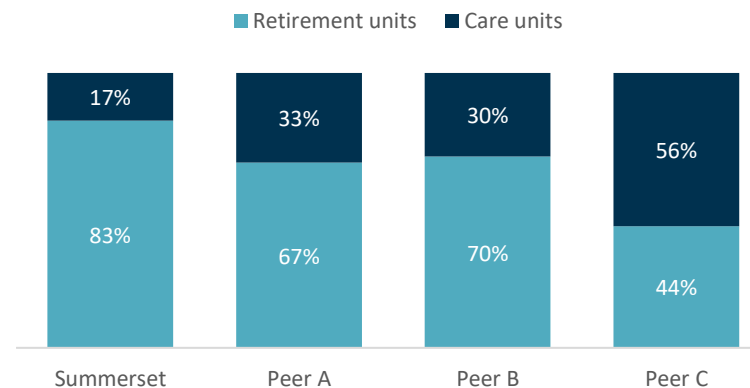
Total portfolio by main operator

Summerset has the second largest existing portfolio and the largest land bank of NZ listed peers



Portfolio weighting by main operator

Summerset has the lowest weighting towards aged care of NZ listed peers



*Retirement units include villas, apartments and serviced apartments.

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

Operational overview

A design, build, own, operate model. Cash flows are generated from three key sources

	Operations	Cash flows
1. Aged care services	<p>Provision of care in serviced apartments, memory care apartments, rest home and hospital facilities</p> <ul style="list-style-type: none"> ■ Provide a high standard of quality aged care services 	<ul style="list-style-type: none"> ■ Rest home, hospital and memory care fees ■ Stable cash flows ■ Includes Government funding for specified contracted services
2. Asset management	<p>Daily operation of integrated retirement and aged care communities</p> <ul style="list-style-type: none"> ■ Manage a portfolio of retirement village and aged care assets ■ Manage ongoing sales of Occupation Rights ■ Refurbish periodically to maintain economic value 	<ul style="list-style-type: none"> ■ Deferred Management Fees (DMF) – primary source of income for established villages ■ Gains on resale of Occupation Rights ■ Weekly resident levies and village service fees – stable cash flows, contribute to operational costs
3. Retirement village development	<p>Design and construction of integrated retirement and aged care communities</p> <ul style="list-style-type: none"> ■ Cost efficient quality construction of villages specifically designed for older residents ■ Build villages that integrate into the local environment, providing residents with warm, welcome and vibrant communities 	<ul style="list-style-type: none"> ■ Occupation Right sales ■ Development margin

Our environment


Environmental performance and sustainability

- Summerset is a market leader in sustainability in the retirement and aged care sectors, performing well on key rating indices
- We strive to develop, build and manage more sustainable retirement villages in both New Zealand and Australia
- Now invested over \$1.5m in renewable energy opportunities and solution projects to reduce our carbon emissions
- Enhanced our electric vehicle infrastructure – our EV charge station roll out progressing well with nine villages now also having electric vehicles available for residents to use
- Successfully installed solar panels at our Nelson, Karaka and Manukau villages, and have commenced the roll out of solar onto our new main buildings, starting at our Richmond village
- Introduced formal measurement of water consumption and installed water meters to better understand water usage in our villages
- Piloted a food waste reduction initiative in conjunction with the Retirement Villages Association (RVA) and the University of Otago
- Implemented other new environment initiatives that include the planting of an orchard at our Whangārei village and the replanting of a māhoe forest adjacent to our Waikanae village
- Our Sustainability Report and climate related disclosures, which summarise our sustainability progress over past five years, are available on our website (www.summerset.co.nz)



Latest sustainability ratings

MSCI 
AAA
 ESG RATING
 (2023)

FORSYTH BARR 
A-
 ESG RATING (2023)
 Aged care sector average B-
 New Zealand average C+

CRAIGS 
 INVESTMENT PARTNERS
4.9*
 ESG RATING (2022)
 Rating scored out of 5
 Aged care sector average 4.4
 New Zealand average 4.3

CDP
 DRIVING SUSTAINABLE ECONOMIES

A-
 SUPPLIER ENGAGEMENT (2022)
 Rates our supply chain
 engagement on climate
 related issues

CDP
 DRIVING SUSTAINABLE ECONOMIES

B
 CLIMATE CHANGE (2023)
 Health care organisations
 around the world achieved an
 average score of 'C'

Our environment

Environmental performance and sustainability

- We have been successfully measuring, managing, and reporting on our carbon footprint since 2017 (our base year)
- Winner of Best Operator Led Initiative at the 2023 RVA Sustainability Awards for achieving a 16% reduction against our original 2017 – 2022 Toitū emissions target of 5%
 - New target is to reduce emissions intensity 34% per square metre by 2027 on a baseline year of 2022
 - Long term target remains to reduce emissions intensity 62% per square metre by 2032
- Member of the Climate Leaders Coalition, meeting the Statement of Ambition for membership - being a reduction in emissions to limit future warming to 1.5 degrees Celsius
- Our focus on waste minimisation and construction waste avoidance efforts were recognised externally, winning a 2023 Construction Sector Beacon Award
- Investigating the implementation of a staff Workride scheme as part of our scope 3 supply chain reporting, supported by feedback from our 2023 Employee Commuting Survey
- Established a working group to manage the volume of embodied carbon in materials and product quantities on selected unit typologies - enabling us to continue exploring the use of more sustainable materials
- New supplier engagement programme in place, focusing on reducing emissions within our value supply chain
















Emissions source & measure	2017 (Base year)	2021	2022	2023
Gas				
Emissions from gas used per main building m ² (tCO ₂ e/m ²)	0.013	0.012	0.012	0.011
Fuels				
Emissions from fuels used per operational village (tCO ₂ e/village)	9.77	11.23	12.32	13.34
Electricity (scope 2)				
Emissions from electricity used per main building m ² (tCO ₂ e/m ²)	0.017	0.019	0.018	0.001
Travel (Air travel, mileage claims, taxis)				
Emissions used from travel per head office staff member (tCO ₂ e/Head office staff)	2.96	1.01	1.90	2.46
Waste				
Emissions from waste per total residents & staff (tCO ₂ e/Residents + Staff)	0.116	0.097	0.096	0.043
Resident electricity				
Emissions from resident electricity per resident (tCO ₂ e/Resident)	0.336	0.274	0.304	0.155
Paper				
Emissions from paper per staff member (tCO ₂ e/Staff)	0.020	0.011	0.009	0.007

2017 – 2022 Original short-term target	2023 – 2027* New short-term target	2017 – 2032* Long-term target
5%	34%	62%
Reduction in emissions intensity per \$1m of revenue by 2022 (2017 base year)	Reduction in emissions intensity per square metre by 2027 (2022 base year)	Reduction in emissions intensity per square metre by 2032 (2017 base year)
16%	15%	18%
Reduction achieved	Reduction to date	Reduction to date

Our emissions are independently audited by Toitū Envirocare to the ISO14064-1: 2018 standard
* Emissions reduction targets are science aligned and cover scope 1 and 2

Our sustainability framework and targets

Our vision is to develop villages responsibly, creating a sustainable future for all

<p>STRATEGIC GOALS</p>	 <p>Reduce our impact on the planet through efficiency and innovation</p>	 <p>Contribute to the economic prosperity of Aotearoa New Zealand</p>	 <p>Create caring communities for our residents and employees</p>
<p>OUR FOCUS AREAS</p>	<ul style="list-style-type: none"> • Reduce carbon footprint • Reduce landfill waste • Energy efficiency • Measure water take • Sustainable design and construction practices • Embrace technology including solar 	<ul style="list-style-type: none"> • Adapt to economic conditions • Fulfil sustainability-linked lending criteria • Provide a secure and sustainable business for shareholders • Fulfil governance and compliance obligations 	<ul style="list-style-type: none"> • Act ethically and responsibly • Support local communities • Provide a safe workplace • Staff wellbeing • Diversity and inclusion • Grow stakeholder understanding of sustainability
<p>OUR TARGETS</p>	<p>5 year – Short-term carbon target Reduce emissions intensity per sqm by 34% by 2027</p> <p>10+ year – Long-term target Reduce emissions intensity per sqm by 62% by 2032</p> <p>15+ year target - Carbon net zero by 2050</p>	<p>Sustainability Linked Loans:</p> <ol style="list-style-type: none"> 1. Ongoing dementia certification and increase the number of dementia beds 2. 5% year on year reduction in carbon intensity per sqm scopes 1, 2, 3 net full value chain 3. Diversion of construction waste from landfill (selected scopes) 	<p>Scope 3 target: Engage and encourage 67% of our supply chain to measure and report their emissions by 2027 (based on scope 3 emissions)</p>
<p>SUSTAINABLE DEVELOPMENT GOALS</p>	     	 	   

Our affiliates



Aged Care Matters

The framework and targets described above are features of Summerset’s banking facilities only – they are not terms of the Bonds.

Our product



Summerset Mt Denby (Whangārei)



Summerset at Monterey Park (Hobsonville, Auckland)



Summerset Cambridge (Waipā District)



Summerset by the Dunes (Pāpāmoa Beach, Tauranga)

Our product



Summerset Waikanae (Kāpiti Coast)



Summerset Boulcott (Lower Hutt, Wellington)



Summerset on the Landing (Kenepuru, Wellington)



Summerset Richmond Ranges (Tasman)

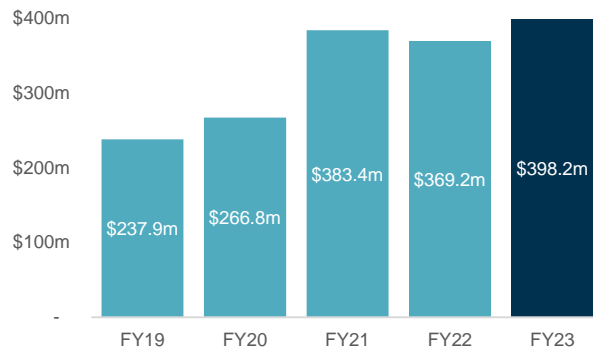


Financial Performance

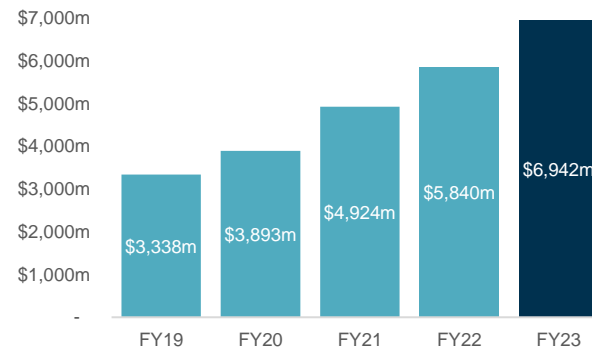
Summary financial metrics

Resilient balance sheet with consistent cash flows and profitability

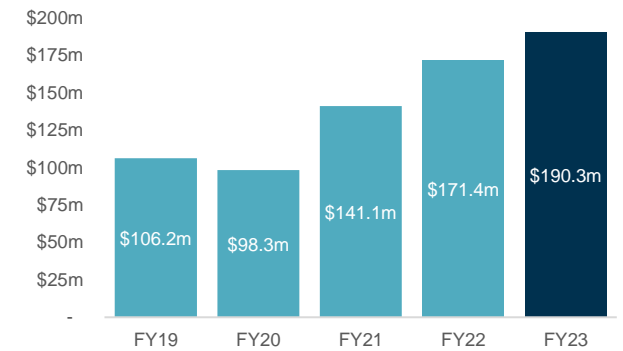
Net operating cash flows



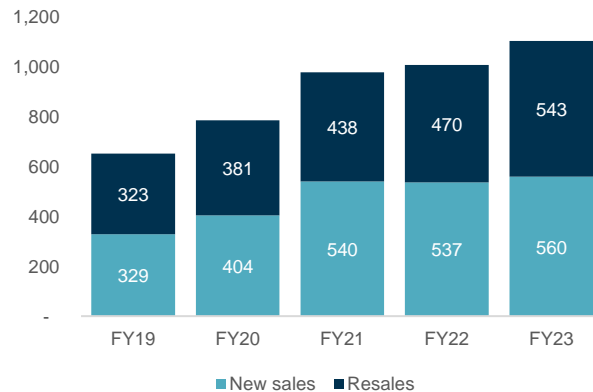
Total assets



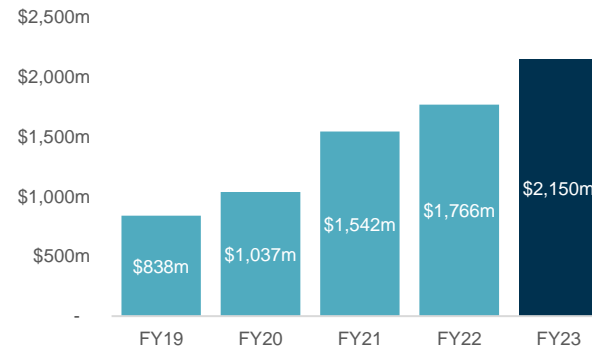
Underlying profit



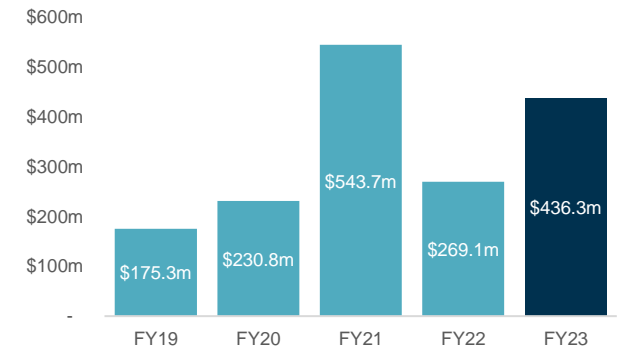
Total settlements of Occupation Rights



Retained earnings



IFRS NPAT



Underlying profit

- Record underlying profit of \$190.3m, up 11% on FY22
- The increase is driven by the following:
 - Realised development margin of \$121.2m, a 16% increase on FY22, with an average margin of \$216k per unit and record new sale settlements
 - Deferred management fee of \$104.6m, up 13%
 - Realised gain on resales of \$88.1m, up 26%, with an average margin of \$162k and record resale settlements

\$190.3m

Underlying profit

11%

Increase on FY22 ▲

NZ\$m	FY23	FY22	Variance	FY21
Care fees and village services	165.9	144.6	15%	126.9
Deferred management fees	104.6	92.3	13%	75.2
Realised gain on resales	88.1	70.2	26%	59.9
Realised development margin	121.2	104.9	16%	78.5
Other income & interest received	1.7	1.7	(3%)	3.3
Total income	481.6	413.8	16%	343.8
Operating expenses	248.0	211.8	17%	179.0
Depreciation and amortisation	15.8	13.6	16%	11.6
Net finance costs	27.5	17.0	62%	12.0
Total expenses	291.3	242.4	20%	202.6
Underlying profit	190.3	171.4	11%	141.1

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 payout to shareholders.

Cash flows

- Net operating cash flows of \$398.2m, up from \$369.2m at FY22
- Net operating business cash flows of \$131.5m, which includes:
 - Deferred management fees of \$155.8m for FY23
 - Investment in working capital to support the business through difficult trading conditions. This comprised a \$2.8m uplift in the repurchase of stock from outgoing residents and an increase in advances in resident loans for residents transferring of \$16.4m relative to FY22
- Increase in refurbishment costs driven by volume and age of units terminating alongside planned investment in common spaces - new furniture, solar installation, cafe upgrades, LED lighting and generators
- Investing cash out flows of \$668.5m, up 3% on FY22, with the following projects advancing in the period:
 - Main buildings at Bell Block, Cambridge, Pāpāmoa, Lower Hutt, Te Awa and Whangārei
 - Apartment blocks at Lower Hutt and St Johns
 - Civils spend at new sites including Milldale, Rangiora and Waikanae
 - Villa construction at 14 villages in New Zealand, and Cranbourne North in Melbourne, Australia

\$398.2m

Net operating cash flows

8%

Increase on FY22 ▲

NZ\$m	FY23	FY22	Variance	FY21
Net operating business cash flow*	131.5	110.3	19%	130.9
Receipts for residents' loans - new sales**	266.7	258.9	3%	252.5
Net operating cash flow	398.2	369.2	8%	383.4
Sale and purchase of land	(56.5)	(179.1)	(68%)	(72.0)
Construction of new IP & care facilities	(523.3)	(427.9)	22%	(318.3)
Refurb of existing IP & care facilities	(19.5)	(11.0)	78%	(8.5)
Care centre upgrades	(1.7)	-	-	-
Other investing cash flows	(14.6)	(9.5)	54%	(9.7)
Capitalised interest paid	(52.8)	(24.2)	118%	(16.5)
Net investing cash flow	(668.5)	(651.7)	3%	(425.0)
Net proceeds from borrowings	322.9	342.2	(6%)	67.1
Net dividends paid	(34.3)	(28.2)	22%	(23.7)
Other financing cash flows	(31.0)	(14.6)	113%	(9.2)
Net financing cash flow	257.7	299.5	(14%)	34.2

Free cash flow reconciliation NZ\$m	FY23	FY22	Variance	FY21
Net operating business cash flow	131.5	110.3	19%	130.9
Refurb of existing IP & care facilities	(19.5)	(11.0)	78%	(8.5)
Interest paid on borrowings	(28.4)	(14.3)	99%	(12.4)
Other investing cash flows	(14.6)	(9.5)	54%	(9.7)
Payments in relation to lease liabilities	(2.6)	(1.9)	36%	(1.8)
Free Cash Flow	66.3	73.6	(10%)	98.5

* Net operating business cash flow – care fees and village services, interest received, payments to suppliers and employees, deferred management fees on new sales, deferred management fees on resales, all other net receipts from residents' loans – resales

** Receipts for residents' loans – new sales less deferred management fees on new sales

Balance sheet

- Total assets of \$6.9b, up 19% on FY22 driven by portfolio growth and the underlying value in our existing villages
- Investment property valuation of \$6.4b, up 18% on FY22
- Retained earnings are now \$2.1b, up 22% from \$1.8b at FY22. This continues to positively impact balance sheet strength and company gearing ratios
- Other assets include buildings, primarily care centres which are valued annually
- Net tangible assets per share now a sector leading \$11.10

\$6.9b

Total assets ▲ 19%

\$2.1b

Retained earnings ▲ 22%

NZ\$m	FY23	FY22	Variance	FY21
Investment property	6,407	5,418	18%	4,580
Other assets	534.5	422.6	26%	343.5
Total assets	6,942	5,840	19%	4,924
Residents' loans	2,507	2,165	16%	1,847
Face value of bank loans & bonds*	1,399	1,074	30%	749.9
Other liabilities	430.2	407.5	6%	402.1
Total liabilities	4,336	3,647	19%	2,999
Net assets**	2,605	2,193	19%	1,925
Embedded value	1,620	1,488	9%	1,365
NTA (cents per share)	1,110	943.9	18%	835.9
Retained earnings	2,150	1,766	22%	1,542

* Face value of drawn bank debt and retail bonds. Excludes capitalised and amortised transaction costs for loans and borrowing, and fair value movement on hedged borrowings

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

Debt metrics

- Gross debt of \$1,399m*, up from \$1,074m* at FY22
- Uplift in gross debt driven by increased construction activity across our developing villages and land settlements in the period
- Gearing ratio** of 34.7%, slightly up on FY22 but down from 35.5% at 1H23
- Summerset remains well placed to execute on its growth ambitions
 - The business holds no core debt
 - New Zealand gearing ratio with Australian growth related debt excluded is 27.7%
- Summerset's ICR coverage is 201%, more than double the required bank covenant measure, providing a high degree of bank covenant headroom for the business

* Face value of drawn bank debt and retail bonds. Excludes capitalised and amortised transaction costs for loans and borrowing, 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)

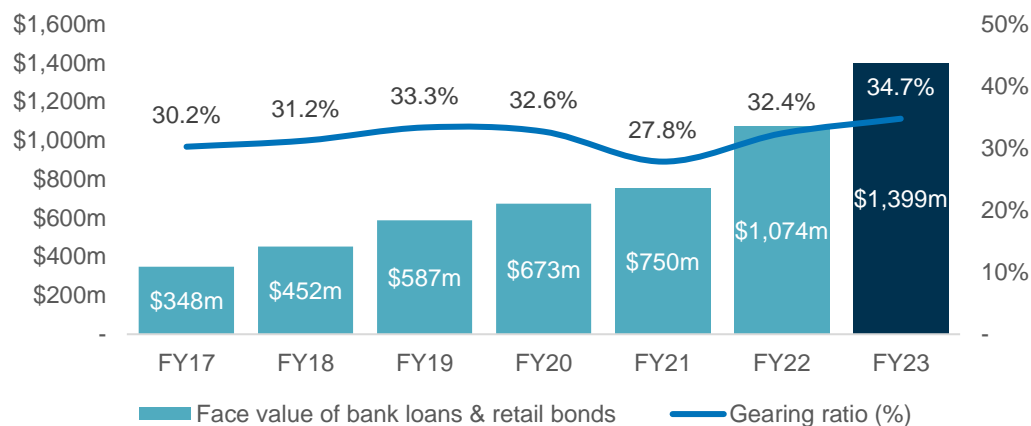
34.7%

Gearing ratio

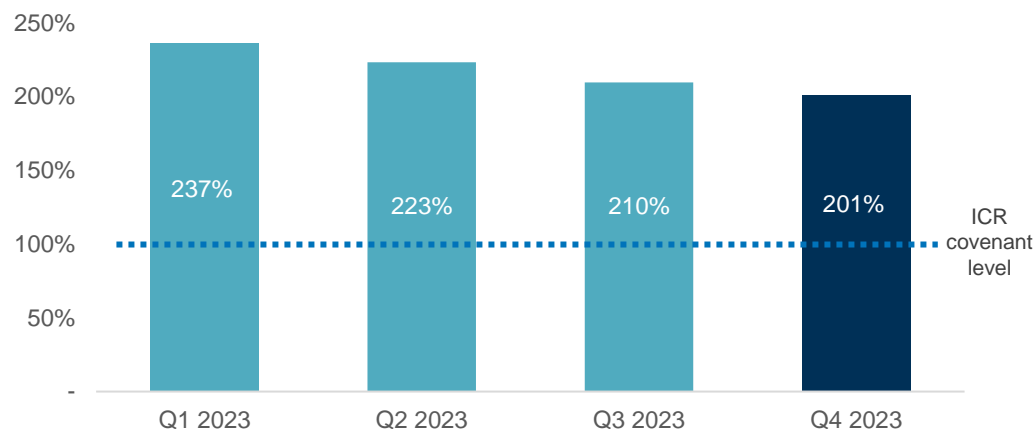
201%

ICR coverage

Gross borrowings and gearing



ICR coverage ratio



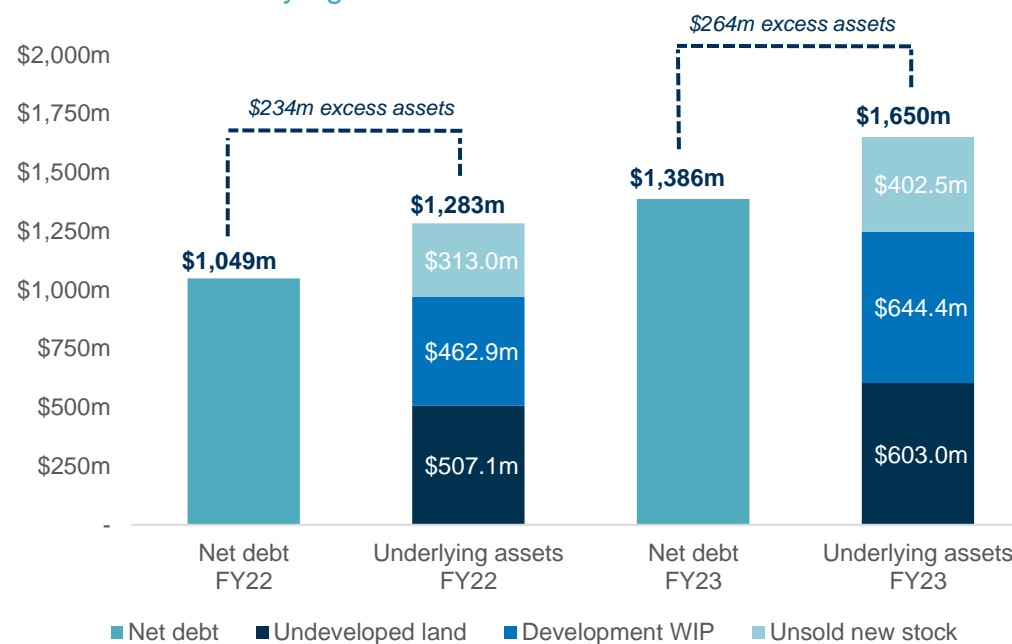
Development assets

- Development assets exceed the value of net debt by \$263.6m, or 19%
- Development assets comprise:
 - \$603.0m relating to undeveloped land, being the fair value of our Australia and New Zealand land bank
 - \$644.4m for development WIP (villages under construction), and
 - \$402.5m from unsold new sale stock, which is all delivered new sale stock that is yet to settle
- Net debt of \$1,386m* at FY23, up from \$1,049m* at FY22

\$1.7b

Underlying development assets

Net debt to underlying assets



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



Summerset Mt Denby (Whangārei, Northland)

Funding and Security Structure

Purpose of debt and maturity profiles

Bank facility as at 31 December 2023 approximately \$1.5b, plus existing \$450m of retail bonds

Summerset uses debt to fund the acquisition of land for future development, and the development of land into villages

Debt is recycled out of completed village developments, into new developments, as Occupation Right sales occur

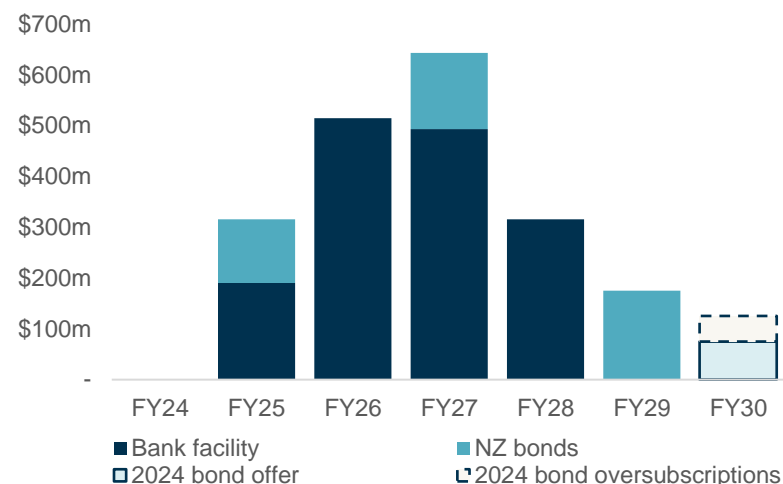
The proposed bond will be used to repay a portion of existing drawn bank debt and/or for general corporate purposes, whilst also providing further diversification of funding sources and tenor

Total facility (including bonds) has an average tenor of 3.5 years, increasing to 3.6 years post the issue of the proposed SUM050 bond

- Summerset has three NZ\$ retail bonds on issue totalling \$450m
- NZ bank facility consists of six tranches totalling \$775m provided by seven banks
- Australian bank facility consists of five AUD tranches totalling NZ\$738m¹ provided by six banks
- Bank facility has undrawn capacity of \$564m as at 31 Dec 23

Summerset debt maturity profile

No debt maturing in 2024



Retail bonds outstanding

Code	Issue Date	Maturity	Size
SUM020	Sep-18	Sep-25	NZ\$125m
SUM030	Sep-20	Sep-27	NZ\$150m
SUM040	Mar-23	Mar-29	NZ\$175m

1. Denoted in NZD for the purpose of demonstrating debt maturity profile

Loan to value ratio covenant

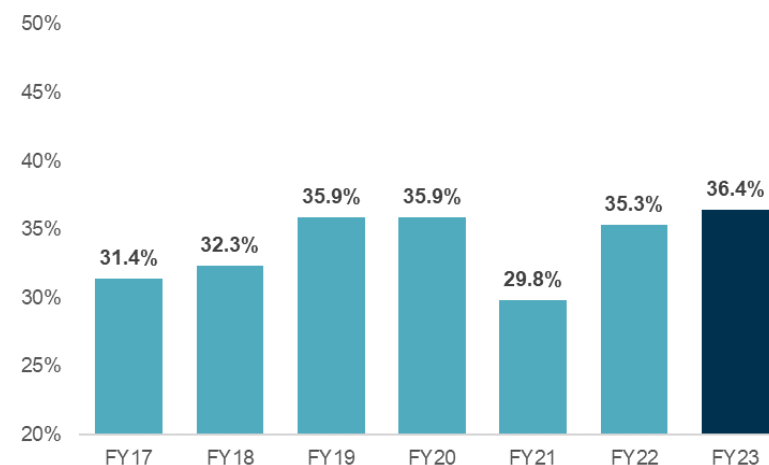
Significant headroom on loan to value ratio (LVR) covenant

36.4%
Bank & bond LVR

Key terms of bond LVR covenant*:

- LVR must not exceed 50%
- Reported breach of LVR on a test date is an Event of Review
- If an Event of Review occurs, Summerset must 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
- During any Event of Review or Event of Default, Guarantors are not permitted to make any distributions to non-Guarantors
- Bondholders benefit from cross acceleration provisions
- Management remain comfortable with the current level of headroom to all bank and bond covenant ratios

Loan to value ratio



	FY23	FY22	Percent change	FY21
Gearing ratio (%)**	34.7%	32.4%	7%	27.8%
Bank & bond LVR (%)	36.4%	35.3%	3%	29.8%

*LVR covenant (Total debt/Property value) is less than or equal to 50%, being 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 Guaranting Group's land and permanent buildings that have been mortgaged to the Security Trustee

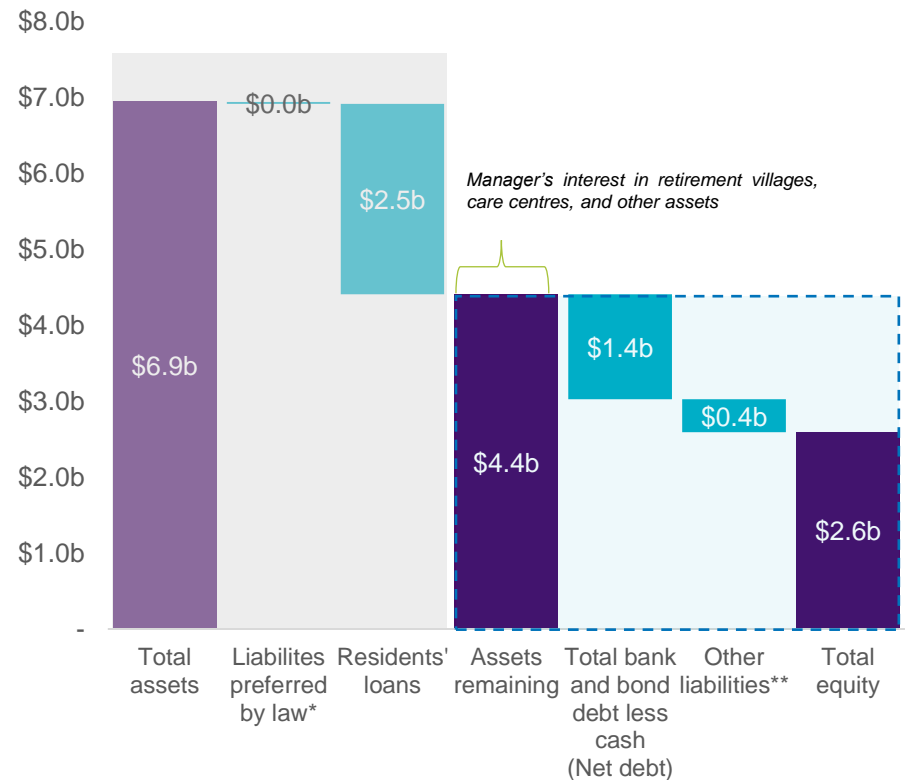
** Gearing ratio calculation (net debt / net debt plus book equity) differs from the Summerset Group's bank and bond LVR covenant (total debt of the Summerset Group / property value of the Summerset Group)

Security

Assets of \$4.4b available as security for financiers as at 31 December 2023 excluding residents' loans

- Total assets as at 31 December 2023 of \$6.9b, including investment property (\$6.4b) and PP&E (\$0.4b)
- Liabilities that rank in priority to the bank debt and bonds include liabilities preferred by law* and liabilities secured by Statutory Supervisors' First Ranking Mortgages (Residents' loans)
- Assets of \$4.4b remaining available after these claims as security for current bank debt and bonds
- Bank debt, bonds and other unsubordinated liabilities that have the benefit of the security rank on an equal ranking security basis total \$1.4b as at 31 December 2023
- Bank debt and bonds have the benefit of first ranking mortgages over undeveloped land owned by the group (land owning entities not yet registered as retirement villages)
- ANZ is Security Trustee for both the bonds and the bank debt
- The New Zealand Guardian Trust Company Limited is the Bond Supervisor

Financial Position as at 31 December 2023

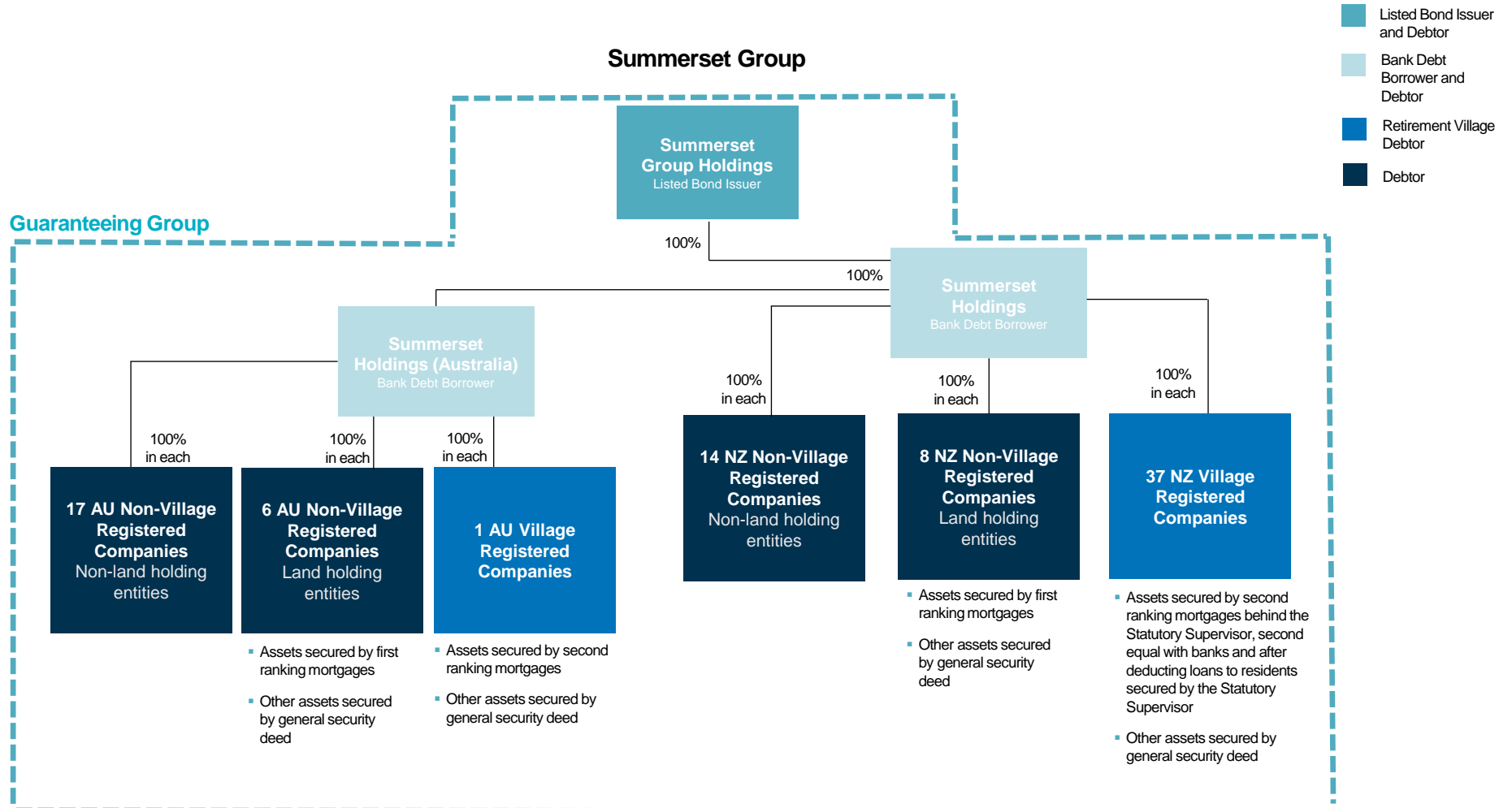


* Liabilities preferred by law include employee entitlements, Inland Revenue and rights of creditors preferred by law

** Other liabilities include items such as trade and other payables, revenue received in advance, deferred tax liabilities and lease liabilities

Security structure

Summerset Group syndicated lending structure simplified - at 31 December 2023





Offer Terms and Timetable

Key terms of the offer

Summary	Detail
Issuer	Summerset Group Holdings Limited
Instrument	Fixed rate, guaranteed, secured, unsubordinated bonds
Security	<p>Bondholders share the benefit of the same security package as bank lenders. In New Zealand, the Statutory Supervisor has first rights to the proceeds of security enforcement against all assets of the Village Registered Companies in New Zealand, and the bank lenders and bondholders share the remaining proceeds to which the Security Trustee is entitled on a pro rata basis</p> <p>In Australia, a Statutory Charge against the land and permanent buildings of any Village Registered Companies in Victoria secures the rights of village residents and ranks ahead of the Security Trustee's mortgage. The Security Trustee holds first ranking security over all other assets of any Village Registered Companies in Victoria</p> <p>Bank lenders and bondholders have first rights to the proceeds of security enforcement against all assets of Guarantors that are Non-Village Registered Companies, in both Australia and New Zealand. The proceeds of enforcement available to the Security Trustee may be reduced by the claims of certain creditors (described as 'other liabilities' on slide 26)</p>
Guarantee	Guaranteed by the Guaranteeing Group, consistent with bank lenders and existing bonds. Total assets of the Guarantors must be at least 90% of the Summerset Group's assets and EBITDA of the Guarantors must be at least 90% of the EBITDA of the Summerset Group
Tenor and Maturity Date	6 years, maturing 8 March 2030
Offer Amount	Up to \$75,000,000, with the ability to accept oversubscriptions of up to an additional \$50,000,000 at the discretion of the Issuer
Credit Rating	The Bonds will not be rated
Interest Rate	Sum of the Issue Margin and the Base Rate, but in any case will be no less than the minimum Interest Rate. The Interest Rate will be announced by the Issuer via NZX on or shortly after the Rate Set Date
Interest Payment	Quarterly in arrear in four equal payments
Early Redemption	Neither Holders nor the Issuer are able to redeem the Bonds before the Maturity Date. However, the Issuer may be required to repay the Bonds early if there is an Event of Default
Financial Covenant	The Issuer to ensure the LVR* Covenant: Total Debt / Property Value \leq 50% A reported breach of the LVR Covenant on a test date will be an Event of Review, which if not remedied at the end of the testing process will result in an Event of Default
Distribution Stopper	Guarantors are not permitted to make a distribution to non-Guarantors if an Event of Review or Event of Default is continuing
Brokerage	0.50% of the amount issued plus 0.25% on firm allocations, paid by the Issuer
Issue Price & Applications	Issue price of par \$1.00. The minimum application is \$5,000 and in multiples of \$1,000 thereafter
Listing	Application has been made to NZX to quote the Bonds on the NZX Debt Market under the ticker code SUM050

*LVR = Loan to Value Ratio

Key dates of the offer

Retail bond offer	Date
Opening Date	Tuesday, 27 February 2024
Firm Bids Due	11am, Friday, 1 March 2024
Closing Date and Rate Set Date	Friday, 1 March 2024
Issue Date and Allotment Date	Friday, 8 March 2024
Expected Date of Initial Quotation on the NZX Debt Market	Monday, 11 March 2024
Interest Payment Dates	8 March, 8 June, 8 September, 8 December
First Interest Payment Date	Saturday, 8 June 2024 (as this is not a business day, the due date for the payment will be Monday, 10 June 2024)
Maturity Date	Friday, 8 March 2030



Summerset Pohutukawa Place (Bell Block)

Questions



Summerset Down the Lane (Hamilton)

Appendix

Board of Directors



Mark Verbiest
Chair, Independent
LLB CFInstD

Mark is Chair of the Board. Mark is an experienced professional company director with over a decade of experience. A lawyer by training, he spent many years in private practice as partner of a large national law firm. He subsequently joined the senior executive team at Telecom New Zealand as Group General Counsel, also having executive responsibility for other corporate groups as well as two business units. He is also currently the Chair of listed company Meridian Energy. Mark has previously been Chair of Freightways, Spark, Transpower NZ, Willis Bond Capital and a director of a number of other companies and entities, including ANZ Bank, the inaugural board of the Financial Markets Authority and the advisory board to NZ Treasury. In 2022 Mark was named Chairperson of the Year at the Deloitte Top 200 Awards, and in 2023 was awarded the Beacon Award for Corporate Governance by the NZ Shareholders Association. Mark has been Chair of Summerset since July 2021.



Dr Marie Bismark
Independent
MBChB, LLB, MBHL, MPH, MD, MPpsych,
FAICD, FAFPHM

Marie is Chair of Summerset's Clinical Governance Committee. She holds degrees in law, medicine, bioethics and public health, and has completed a Harkness Fellowship in Healthcare Policy at Harvard University. Marie works as a Consultant Psychiatrist at Te Whatu Ora, Capital & Coast, and as a Professor at Melbourne University. Her research focuses on patients' rights, quality of care, and medical regulation. Marie is an experienced company director, serving on the boards of GMHBA Health Insurance, The Royal Women's Hospital in Melbourne, and on the Veterans' Health Advisory Panel. Marie has been a director of Summerset since 2013.



Stephen Bull
Independent
BCom, BPsych (Hons), CA (Australia and NZ),
MAICD, MInstD

Stephen is the Chair of Summerset's Development and Construction Committee and a member of the Audit and Risk Committee. He has over 25 years' experience in real estate, community creation and finance roles. He has held executive roles at Westfield, AMP and Stockland. Stephen finished executive work in 2018 and for the last five years of his executive career was a Group Executive at Stockland and CEO of their retirement village business. Prior to his real estate career in Australia, Stephen spent several years working in investment banking in London. Stephen holds a Bachelor of Commerce and a Bachelor of Psychology (Honours) and is a member of Chartered Accountants (Australia and New Zealand). In addition, he is a Member of the Australian Institute of Company Directors (MAICD), and the NZ Institute of Directors (MInstD). He is currently Chair of Bridge Housing Ltd and sits on the investment committees for the MaxCap Industrial Opportunities Fund and the NSW Government's Transport Holding Entity. Stephen has been a director of Summerset since 2022.



Venasio-Lorenzo Crawley
Independent
MBA, BA

Venasio-Lorenzo is a member of all the Summerset sub-committees. He has career experience in multiple sectors that include banking & financial services, oil & energy, health, education and retail. He is an independent director at Orion NZ, Te Whatu Ora (People and Change sub-committee), and Chair of the AUT Business School Industry Advisory Board. He has also completed a term as a Future Director for The Warehouse Group. Venasio-Lorenzo completed his executive career as the Chief Customer Officer at Contact Energy with the successful business turnaround of their Retail, LPG, Broadband and Commercial and Industrial businesses. He has international experience working in the United Kingdom, Australia and NZ markets and has diverse skills in profit growth strategy, transformation, technology, digital, data monetisation, operations, logistics, marketing and his passion – customer experience. Venasio-Lorenzo has been a director of Summerset since 2020.

Board of Directors



Gráinne Troute

Independent
BA, Grad DipBusStuds, CMinstD, CFInstD

Gráinne is Chair of Summerset's People and Culture Committee. She is a Chartered Fellow of the Institute of Directors, a director of Tourism Holdings and Investore Property, a board member of Duncan Cotterill and Chair of Montana Group. Gráinne is a professional director with many years' experience in senior executive roles. She was General Manager, Corporate Services at SKYCITY Entertainment Group and Managing Director of McDonald's Restaurants (NZ). She also held senior management roles with Coopers and Lybrand (now PwC) and HR Consultancy Right Management. Gráinne has vast expertise in operating customer-focused businesses in highly competitive sectors. She has also spent many years as a trustee and Chair in the not-for-profit sector, including having been the Chair of Tourism Industry Aotearoa (TIA) and Chair of Ronald McDonald House Charities New Zealand. Gráinne has been a director of Summerset since 2016.



Andrea Scown

Future Director (IoD)
BBUS, ACA, MInstD

Andrea is a future director under the Institute of Directors' (IoD) Future Directors programme which aims to develop New Zealand's next generation of directors and provide experience of governance in large companies around the country. Future Directors fully participate in all Board matters but do not have voting or decision rights. Andrea is CEO of Mitre 10, an enormously successful retail company with renowned customer experience, and has expertise leading significant business units within complex organisations for some of NZ and Australia's most iconic brands in sectors including Home Improvement, Apparel, General Merchandise, Property, Investment and Dairy. Andrea has been a Future Director with Summerset since 2022 and has been appointed for a term of 18 months.



Dr Andrew Wong

Independent
BHB, MBChB, MPH

Dr Andrew Wong is the Managing Director of HealthCare Holdings Ltd, a private healthcare investment company. He qualified as a specialist medical practitioner with a Masters in Public Health, and with a Fellowship of the New Zealand College of Public Health Medicine. He has extensive experience in strategic planning and implementation, business development, leadership and operational management. This has been gained over a 30 year career in public and private health both in New Zealand and overseas. He is a director of a number of companies through his HealthCare Holdings role. These include Auckland Radiation Oncology, MercyAscot hospitals, Kensington Hospital and Mercy Radiology. Other present and past directorships include companies providing services in the areas of interventional cardiology, healthcare property development, medical supplies, day and inpatient surgery and endoscopy, and veterinary medicine. He has held government appointments with Health Workforce New Zealand and the Health Innovation Hub, as well as sitting on the Executive of the New Zealand Private Hospitals Association. Andrew is an Adjunct Professor of AUT. Andrew has been a director of Summerset since 2017.



Fiona Oliver

Independent
LLB.BA, CFInstD

Fiona is the Chair of Summerset's Audit and Risk Committee. Fiona is an experienced professional director with a governance career spanning a variety of sectors, including renewable energy, natural gas, technology, commercial property, financial services, professional services, and sport. These roles ranging from Board Member to Audit & Risk Committee Chair, have been in commercial, public sector and not-for-profit entities including Freightways (NZX), Clarus (formerly First Gas group), Gentrack (NZX/ASX), and Tilt Renewables (NZX/ASX). Fiona has held Executive leadership roles in funds management for Westpac (BT Funds Management) and AMP in New Zealand. She has also held commercial roles in asset management and private equity in Sydney and London. Prior to her management career, Fiona practised as a senior corporate and commercial lawyer in New Zealand and overseas, specialising in mergers and acquisitions. Fiona has been a director of Summerset since 2023.

Management



Scott Scoullar
Chief Executive Officer
CA, FCPA, BCA

Scott has overall responsibility for Summerset and is focused on developing and operating vibrant villages, and ensuring that respect for our customers is always at the core of everything we do. Prior to becoming Chief Executive Officer in 2021, Scott was Summerset's Chief Financial Officer after joining Summerset in 2014. Before joining Summerset, Scott held CFO roles at Housing New Zealand and Inland Revenue. Scott was named CFO of the Year at the New Zealand CFO Summit Awards in 2019 and was NZICA's Public Sector CFO of the Year in 2011. Scott is also a Fellow of CPA Australia, and a CPA New Zealand Council Board Member.



Will Wright
Chief Financial Officer | MBA (Hons.),
PGDip BusAdmin, BA (Eco), DipPOM,
DipGM

Will is our Chief Financial Officer and GM Corporate Services. He is responsible for Finance and Corporate Services including IT, Legal, Property and the Project Management Office. Before joining Summerset in 2021, Will was Chief Financial Officer of the Building Products division at Fletcher Building. He has previously been Fletcher Building's General Manager Strategy and Portfolio, and Chief Financial Officer of the Residential & Land Development division. Prior to his roles at Fletcher Building, Will held various roles in corporate finance. He holds an MBA from the University of Auckland, a Post Graduate Diploma in Business Administration from the University of Auckland Business School, and an Economics degree from the University of New South Wales.



Kay Brodie
General Manager Marketing
and Communications | BCA, BSc

Kay joined Summerset in 2018 and is responsible for leading the marketing and communications team based in the Wellington office. Her marketing and advertising experience has been gained over 25 plus years across a range of industries including retail, loyalty programmes, government and insurance; both within advertising agencies and client organisations.



Chris Lokum
General Manager People and Culture
GAID, BMS, DipSocSci

Chris leads Summerset's People & Culture team responsible for recruitment, training, Health & Safety, organisational development and more. Joining Summerset in 2023 after roles in the public and private sector in New Zealand, Australia and the UK, including senior positions at BP and Waka Kotahi, Chris brings a breadth of experience across Human Resources with over 25 years delivering organisational efficiency, increasing organisational capability and providing strategic leadership. Chris has qualifications in human resources, economics, management and psychology. She has completed executive programmes at Michigan and Cornell Universities and is a member of the Australian Institute of Company Directors.



Fay French
General Manager Sales
RNZcmpN

Fay leads our national sales team and can be found at Summerset's Wellington office or at one of our many New Zealand villages. Fay has a breadth of experience across sales, hospitality and the health sector. Prior to joining Summerset in 2015, she held a sales leadership role at a leading New Zealand e-commerce platform where she was responsible for leading a team of business development managers. Trained as a registered nurse, Fay has worked in various nursing roles and medical sales for Roche Pharmaceuticals.

Management



Aaron Smail
General Manager Development
BE (Civil), BBS

Aaron leads Summerset's development team in New Zealand, covering site acquisitions, project feasibilities, consents, and design for villages. Previous roles in his 25 plus years of property and development experience include senior positions at Todd Property Group and Kiwi Property. Aaron has been with Summerset since 2015.



Dean Tallentire
General Manager Construction
BSc (Hons), HND, RICS

Dean leads our procurement, cost management, construction management and administration support teams in the construction team. Dean has extensive construction and development experience and has led teams in the public and private sectors within developer and main contractor environments. Dean has been with Summerset since 2015.



Eleanor Young
General Manager Operations
and Customer Experience | BSc (Hons)

Eleanor oversees the operational performance across all Summerset villages. Her focus on service experience and delivery ensures Summerset's residents receive the highest quality facilities and care. Before joining Summerset in 2016, Eleanor held senior roles at Inland Revenue. This included four years as the Group Manager of Customer Services, managing over 2,000 staff across New Zealand to deliver services to customers. Eleanor has a background in human resources within both the public and private sector, having worked in managerial roles for the Ministry of Social Development, Mighty River Power and Air New Zealand.



Stewart Scott
General Manager Development –
Australia | Masters Property (UNSW)
BLArch (UNSW)

Stewart leads Summerset's development activities in Australia including feasibilities, approvals, design and construction. Stewart has over 25 years' experience in the property and development industry. He has previously held senior executive positions in development, sales and operations within aged care and retirement sector.

How an Occupation Right Agreement works

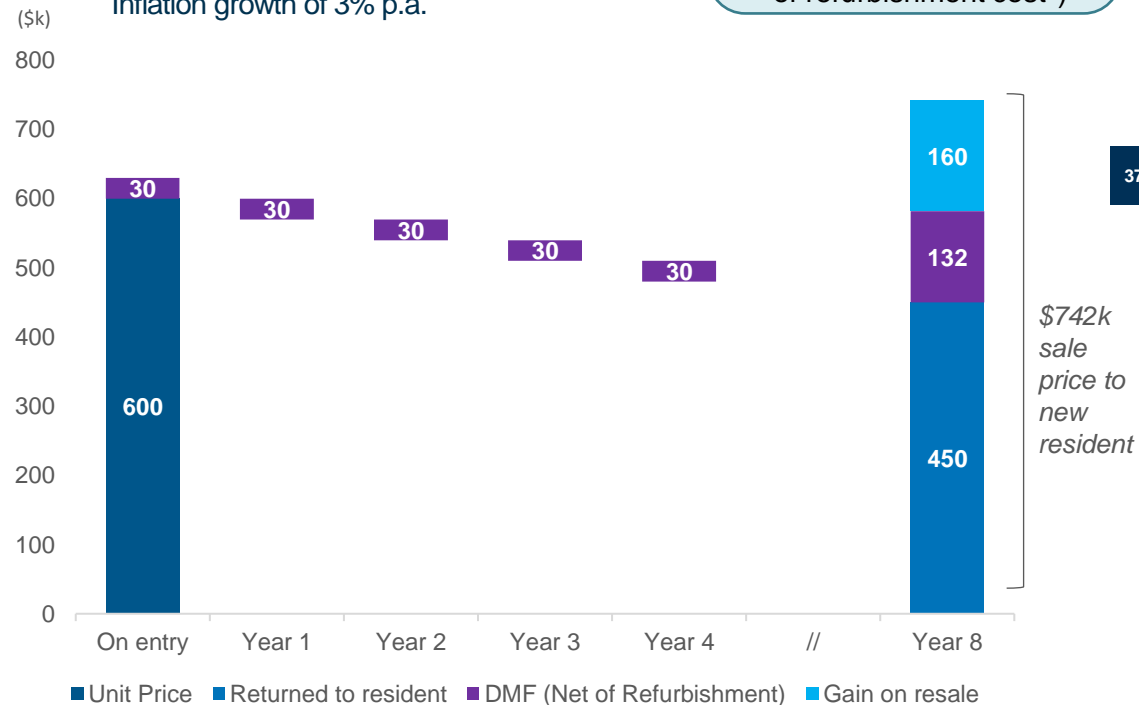
Summerset earns a deferred management fee (percentage of incoming price) and all capital gains on resale of the Occupation Right

- Residents moving into a retirement village in New Zealand enter into an Occupation Right Agreement (ORA) and in Victoria enter into a Residence and Management Contract
- Both an ORA and a Residence and Management Contract grant the resident the right to occupy a retirement unit in exchange for a lump sum payment (Purchase Price) to the operator (recorded as residents' loans on the balance sheet). Legal ownership of the retirement unit remains with the retirement village operator
- A deferred management fee (DMF) is accrued over a resident's tenure and realised in cash on the resale of the Occupation Right. For Summerset, this is typically a maximum of 25% of the Purchase Price
- When a resident vacates their unit, they are entitled to be repaid the Purchase Price less the accrued DMF. This payment is required to be paid to the resident:
 - In New Zealand, when Summerset resells the Occupation Right for that unit
 - In Victoria, within six months of the resident vacating the unit or when Summerset resells or reoccupies the unit (whichever is earlier)

- Summerset operates under a 25% DMF accrued over 5 years – calculated as a % of entry price
- Resident tenure of 8 year and House Price Inflation growth of 3% p.a.

At exit Summerset receives: \$292k

- Capital gain \$160k
- Accrued DMF \$132k (net of refurbishment cost*)



*Note that DMF is not always accrued over 5 years

*Refurbishment costs have been calculated as 3% of entry price. Accrued DMF is used to cover the cost of refurbishment at exit

Security

Bondholders on an equal ranking security basis with bank lenders

- The bonds share the security provided by the Guaranteeing Group on an equal ranking basis with Summerset's bank lenders as per the Security Trust Deed
- The Statutory Supervisor's mortgage is for the protection of residents' rights and does not give the Statutory Supervisor discretion to demand repayment of residents' loans
- The security ranking of the bonds and bank lenders is outlined in the table below

Entity type	Assets	New Zealand security*	Australia security*
Village Registered Companies	Land and permanent buildings	Second ranking mortgage (behind a first ranking mortgage in favour of the Statutory Supervisor)	Second ranking mortgage (behind a Statutory Charge protecting amounts owing to village residents)
	Other assets	General security deed** (Statutory Supervisor has first rights to proceeds of enforcement)	First ranking rights to proceeds of enforcement**
Non-Village Registered Companies	All assets (including any land and permanent buildings, and other assets)	First ranking mortgage and general security deed**	First ranking mortgage and general security deed**

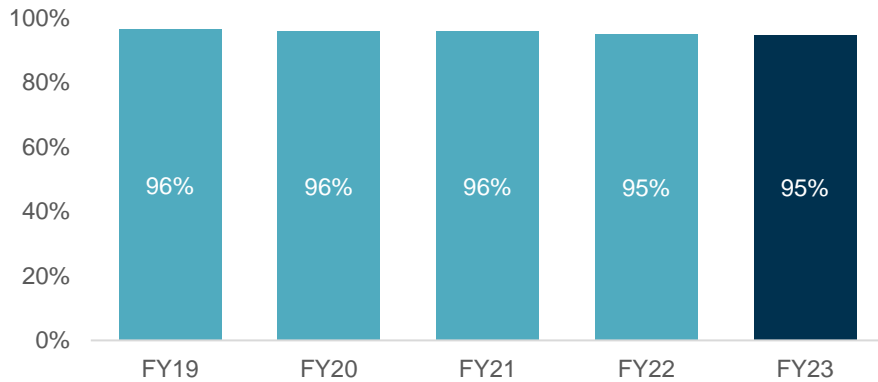
* Subject to the rights of creditors preferred by law, as detailed on slide 26

** The interests of certain other creditors (described as 'other liabilities' on slide 26) may also rank ahead of the bonds and Summerset's bank lenders

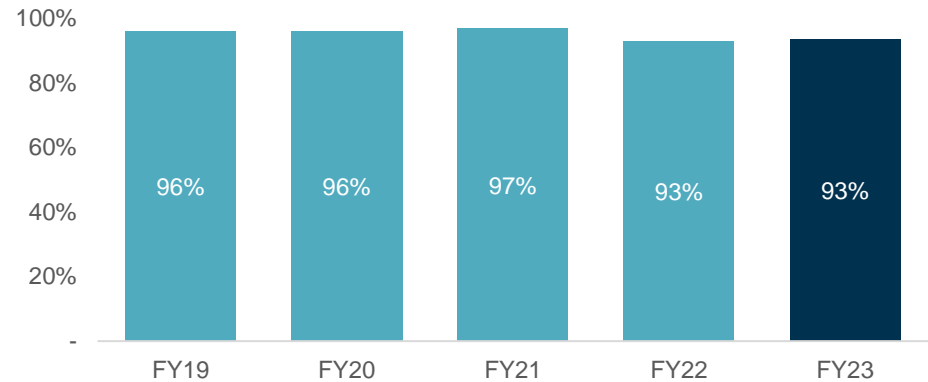
Customer profile and occupancy

Occupancy, tenure and resident demographic statistics

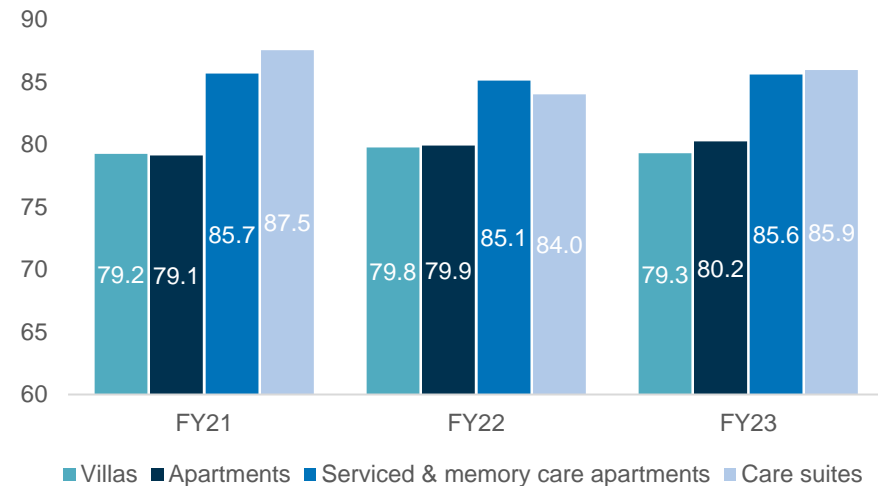
Occupancy – retirement villages



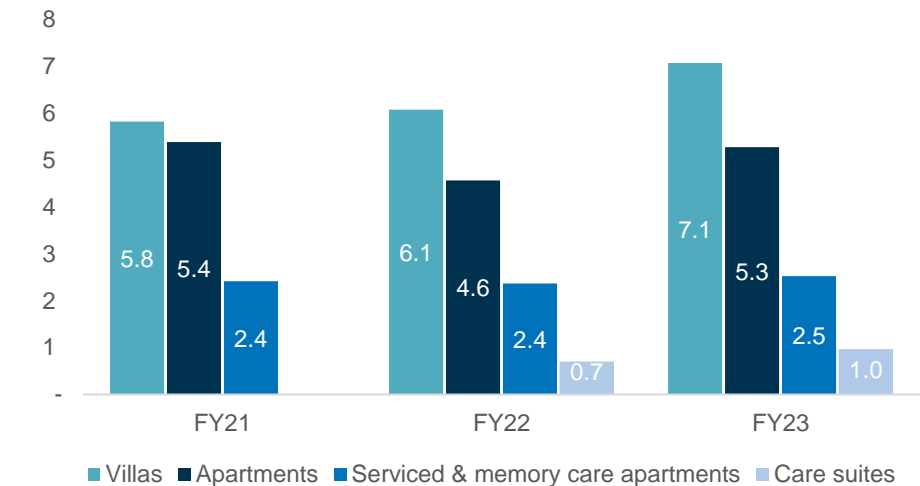
Occupancy – established care centres



Average entry age of residents (years)



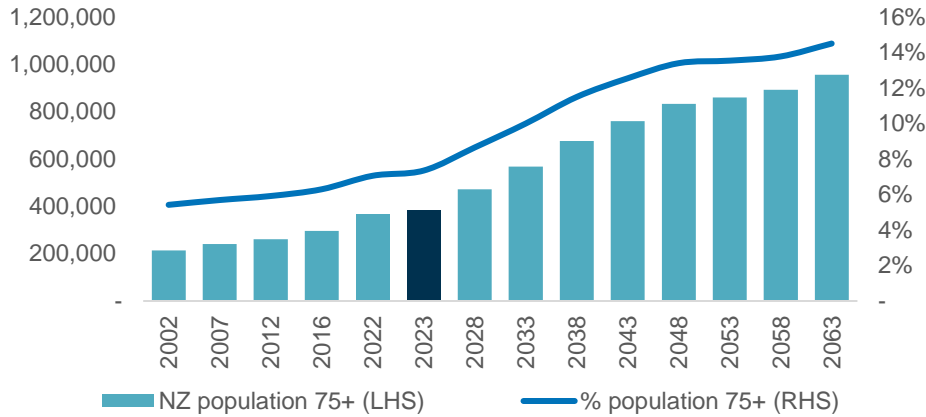
Average tenure (years)



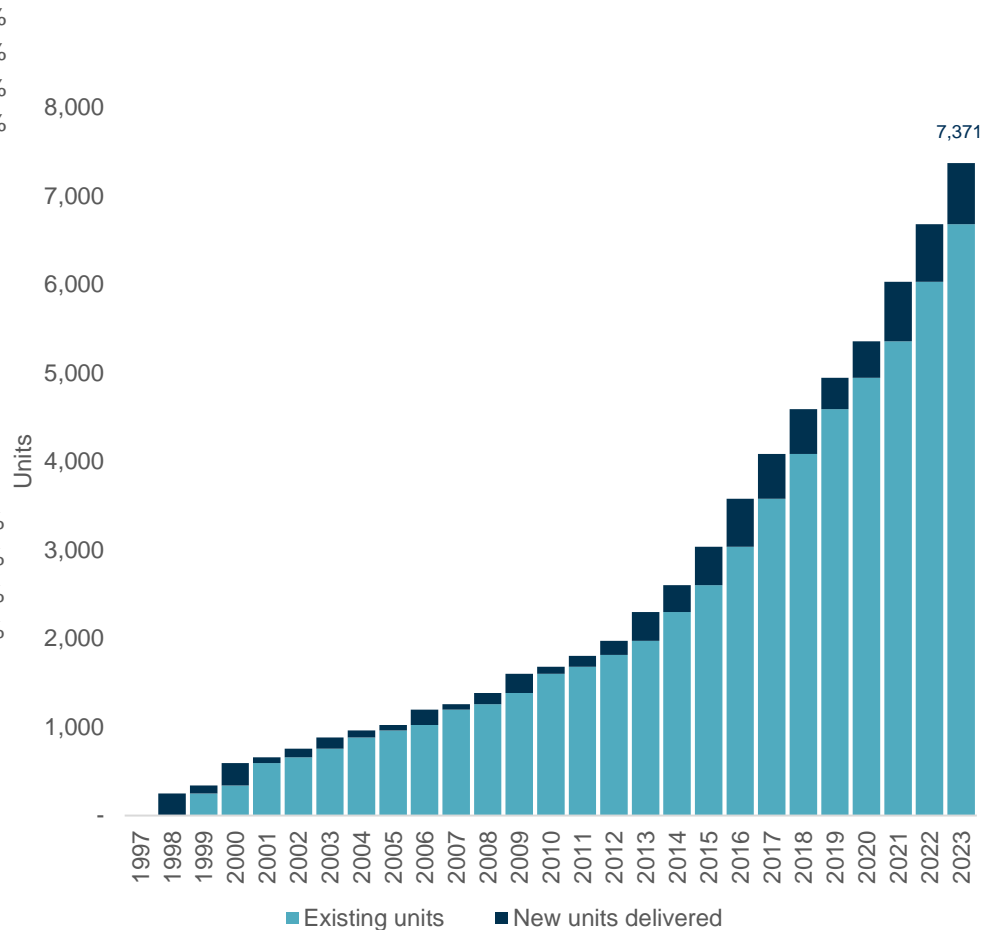
Compelling demographic and history of delivering on growth

New Zealand expected to see strong population growth, supporting demand for future deliveries

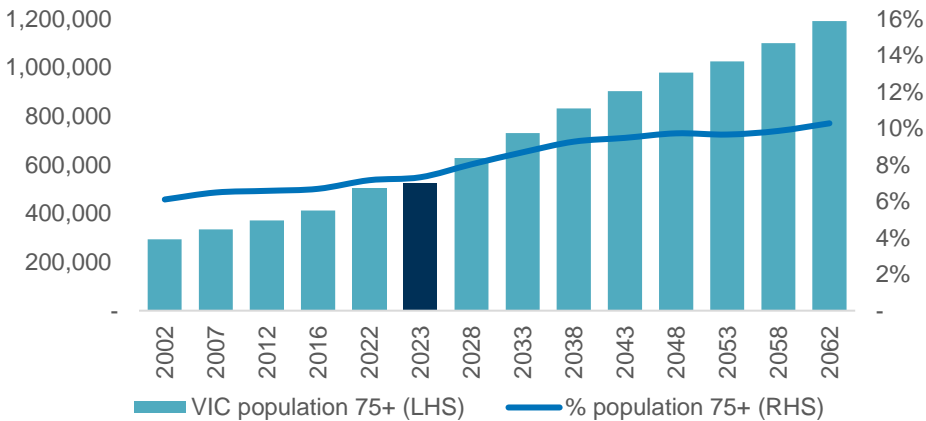
New Zealand population growth 75 years and over



Summerset build rate



Victoria population growth 75 years and over



Source: Australian Bureau of Statistics and Statistics New Zealand

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

Ngā mihi

For more information:

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Chief Financial Officer
will.wright@summerset.co.nz
021 490 251

