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NZX & ASX RELEASE

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SUMMERSET ANNUAL MEETING – CHAIRMAN AND CEO ADDRESSES

Chairman's Address

Welcome and thank you for joining us at Summerset's Annual Meeting for 2022 which again is being held as a virtual meeting.

Introduction

It is my pleasure to address you today, my first annual meeting as your Chairman.

I will firstly acknowledge that in spite of many global events challenging every one of us to think and act differently in the past year, Summerset has risen to those challenges beyond expectation.

Living with COVID-19 requirements has become embedded in our business. Throughout the 2021 financial year we invested \$4.7 million on COVID-19 related costs. This included strict entry conditions at our villages, no new admissions to our care facilities or within our villages during lockdown, separated care staff rosters, enhanced personal protective equipment (PPE) for our people and no sales or construction activities at alert level 4.

We realise this was a particularly tough time for our residents. Nevertheless, feedback from residents and their families on our handling of the pandemic has been overwhelmingly positive, with particular regard to keeping residents in touch with their families through use of devices, and regular communications to families on what was happening.

COVID-19 has also highlighted to older New Zealanders the safety, security and the companionship that retirement villages offer, and our inquiries and sales results certainly have reflected this.

It is a strong testament to the leadership and dedication of staff throughout the business that we have achieved outstanding results while traversing new mandates, policies and procedures. I'd like to especially acknowledge the commitment of our staff throughout the year.

I will briefly run through our progress in the 2021 year.

Business and financial performance

For the 2021 year we achieved:

- An underlying profit of \$141 million, up 44% on 2020.
- A net profit after tax of \$544 million, up 136% on 2020.
- We sold 540 new occupation rights and made 438 resales.
- Our operating cash flow for 2021 was \$383 million, up 44% from the previous year.
- Total assets are now \$4.9 billion.
- We made a total dividend payment for 2021 of 18.5 cents per share – a 30% payout of underlying profit.
- In 2021 we built 619 units and 52 care beds.

We also opened two new main buildings at our Richmond and Avonhead villages. These main buildings incorporate our newest generation of care suites, and feature memory care centres on the ground floor offering secure care for those living with dementia. Main buildings also form the heart of our villages, providing a vibrant community hub for residents, staff, families, and friends.

Australian Expansion

We now have five Australian sites which give us excellent capacity looking forward. Our first retirement village in Cranbourne North has been consented and development is underway of 145 villas and townhouses, 72 aged care units, 50 serviced apartments and a one hectare public reserve.

The team has done a great deal of research in the market and have tailored our offering to ensure it meets the specific needs of Australians. We also have an experienced team on the ground in Australia, with industry knowledge and relationships that will help us take advantage of the many opportunities the country offers. It is also worth noting we recently appointed Stephen Bull to our Board. Stephen who is up for election later in the meeting, has extensive experience in the retirement sector in Australia and lives there.

NZ Growth

We have been the top listed retirement village builder in New Zealand for several years. This year, our record build rate means we are also one of the top residential builders in the country.

We are proud to be providing high-quality warm homes at reasonable prices for retirees, and we have the capacity, the consents, and the construction team to continue to do so.

Operations

Summerset is now in its 24th year of operation with 36 villages completed or under development and a further 10 earmarked for development. This includes five sites in Australia.

We have more than 6,900 residents and 2,100 staff.

We implemented a diversity and inclusion strategy which acknowledges the value we place on the multicultural make-up of our working population.

Summerset increased nurses' pay rates to keep up with the public sector again in 2021 in order to attract and retain the vital nursing staff we need to care for our elderly residents. As highlighted in our annual report, we also continue to be concerned about underfunding in the aged care sector. Overall public funding for care services, including daily care rates, is insufficient to provide the exacting standards of service that are rightly expected, and we will not compromise our own standards. Frontline and care staffing and remuneration is a serious issue for the whole sector and for New Zealand.

As part of our own initiatives to continue to provide quality care, we have invested in core care roles and introduced more mobile technology to help free up our busy frontline staff. Technology is an increasingly important part of the way our teams work.

In November we also started a modernisation programme for our older care centres, beginning with the 20-year-old care centre in Havelock North. The multi-million dollar upgrade will include new 'care suites' with individual ensuites and more open-plan communal resident lounges and dining rooms.

Looking ahead

In my first AGM as Chair I would like to formally acknowledge my gratitude to the Board for their commitment and governance over the past year, much of which has by necessity been done online. It has meant we have not had the usual opportunities to visit many of our sites, something we are all looking forward to getting back to a degree of normality.

I would like to acknowledge the contribution of James Ogden to the Board of Summerset. James also chaired the audit sub-committee of the board. He retires at the end of this meeting after 11 years of service. During his tenure shareholders have received significant returns, both by way of dividend distributions and share price appreciation. The company has grown significantly and during his time high standards of care, service and ethics have been maintained. A stellar contribution. Thank you James.

As always thank you to our residents for choosing Summerset, our staff for their professionalism and the high standard of care they provide, and to our shareholders for your continued support.

CEO's Address

Good afternoon everyone and thank you for being with us today, even if it is virtually.

Firstly, I would like to acknowledge Mark's first year as Summerset Chair, and to thank him for his support over the last year.

I have now been in the role of Chief Executive Officer for just over a year and as I reflect on the impacts of COVID that we have needed to navigate, I have nothing but immense pride in our team's success in weathering the storm and supporting our residents.

I stood here a year ago and spoke of my optimism for growth in 2021 and over the last year we:

- Achieved our long-term build rate goal of building 600 new homes for the first time ever, even with all the covid disruptions
- Started the development of our first retirement village in Victoria.
- Added a further 4 sites to our significant land bank, giving us the pipeline and the flexibility to grow in Australia and meet ongoing demand in New Zealand.
- The annual satisfaction survey results showed satisfaction levels at 96% for those living independently and 98% for our care centre residents.
- Summerset topped off the year with an award for best provider nationwide in the Aged Advisor People's Choice Awards, based on over 2,000 in-depth reviews.

I also want to now provide some greater context on a few areas.

Coronavirus

2021 was a challenging year for our residents as the ongoing COVID pandemic saw many lock downs for extended periods of time. We focused on vaccination rates in 2021, with many of our communities welcoming on-site vaccination clinics, and with a major internal focus on ensuring our staff were protected.

The protracted presence of COVID saw many activities shift online. There was plenty to keep residents entertained, with guest speakers on Zoom and livestreaming of music and quizzes.

Naturally, infection prevention remained a priority. We continued with the hygiene and safety measures introduced in 2020, including good physical distancing practices, and use of extensive personal protective equipment (PPE). We participated in the Ministry of Health trial on rapid antigen tests and subsequently used rapid antigen tests at scale during the Omicron wave. We introduced new technology such as air purifiers and we also cohorted our teams to minimise any chance of cross-contamination.

Our frontline staff were inspiring, caring for people in these challenging times, keeping them informed, and helping them stay positive.

During peak periods of COVID outbreaks, we leveraged our scale to divert resources to where they were needed most, including having Head Office and Sales staff supporting villages in non-clinical duties. I'm very grateful to those staff who have volunteered.

Land bank

Summerset holds the largest land bank of units in New Zealand's retirement village sector, giving us a strong runway for future construction. We have enough land secured to almost double the size of our business.

In 2021 we received resource consents for villages at Prebbleton, Rangiora, Blenheim, Cambridge, Waikanae and Milldale.

We were able to consent our Waikanae village using the COVID Recovery Fast-track Consenting Act, which is targeted at shovel-ready projects and intended to accelerate employment.

We have also applied to use the fast-track process for our Half Moon Bay retirement village in east Auckland.

We acquired 4 new sites in 2021, with 3 sites in Melbourne being Oakleigh South, Craigieburn and Chirnside Park and the New Zealand site being in Palmerston North

Operations

In the past year there have been COVID related impacts beyond our control. Border closures have affected our ability to source vital workers such as nursing and construction staff.

Finding nursing staff has been an ongoing issue for the sector this year. Increases to public sector nursing wages and immigration constraints induced by COVID have created a perfect storm for nursing shortages in aged care.

The New Zealand Aged Care Association's survey-based estimates indicate there are close to 1,000 vacant positions for registered nurses (RNs) across the aged care industry. 48% of the Registered Nurses in the sector left their jobs last year

Summerset increased nurses' pay rates to remain competitive with the public sector again in 2021 but we are very concerned about underfunding in the aged care sector. Overall public funding for care services, including daily care rates, is insufficient to provide the exacting standards of service that are rightly expected. The Crown funds nurses in the aged care sector close to \$20,000 per annum less than in a public hospital.

Regardless of the sector underfunding, Summerset has invested an additional \$4.3m in either new roles or additional care wages in 2021. We also acknowledged that alert level 4 placed extra stress on our frontline staff, and we paid our village and care staff a sector-leading \$3 extra per hour during that period, reflecting the high value we place on the work of our employees.

We will not compromise our standards, but there are many operators across the sector who are looking at having to close their doors for good. The aged care sector across New Zealand has close to 40,000 beds, relative to public hospitals only having 14,000 beds. If action isn't taken by the Crown to fix the underfunding for the sector, we believe this is going to have a large detrimental impact on New Zealand's public health system.

We also continued to invest in further technology for our frontline staff to increase the time they have available to spend with our residents. In Nelson, we've been trialling staff access to our resident management system, VCare, via mobile phones rather than ipads, which are considerably more manageable for our staff. In addition, we've also begun piloting PainChek, a new app to help recognise pain in residents who struggle to verbalise it.



Over the last 12 months we have also progressively moved our food services in-house at all of our retirement villages in New Zealand. Our goal was to increase our consistency of service and the overall experience.

Corporate Social Responsibility

We are still on track to meet our carbon reduction target that commits Summerset to a 62% reduction in our carbon emissions intensity measure. We also took the opportunity to purchase our first electric vehicles and invest in some regenerative forest projects both within the North and South Islands of New Zealand.

In early 2022 we signed a new agreement to support the New Zealand Symphony Orchestra as a principal sponsor. We are delighted to be partnering with one of New Zealand's cultural icons, whose music gives so much joy to communities around the country.

We also announced a new two-year partnership with Netball New Zealand with Summerset being the official retirement village of Netball New Zealand.

We continue to support Dementia New Zealand and this year we renewed our sponsorship of Bowls New Zealand for another three years.

Business and financial performance

I will now turn to business performance.

In 2021, we sold a record 978 occupation rights. We had record levels of interest in our developing villages. The initial stage of villas at our first Northland retirement village in Whangārei sold within three months of going to market. Our Avonhead main building, which opened in September, is also selling very well with ongoing strong interest.

This is backed up by a good start to 2022 with Q1 sales results of 167 new sales and 112 resales.

We have invested around \$320 million into our build programme in 2021 and we remain the largest constructor in the New Zealand retirement village sector.

Our teams were simultaneously building on 16 sites in 2021, including completing main buildings at our Richmond and Avonhead villages.

Looking forward

Looking forward Summerset is in a strong position.

The New Zealand population aged 75 and over is forecast to more than triple in the next 50 years.

Similarly, Australia's rapidly growing elderly population is forecast to increase by 140% to 4.1 million in the next 20 years.

We are excited about the future.

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ABOUT SUMMERSSET

- Summerset is one of the leading operators and developers of retirement villages in New Zealand, with 37 villages completed or in development at Aotea, Avonhead, Bell Block, Blenheim, Cambridge, Casebrook, Cranbourne North (Australia), Dunedin, Ellerslie, Hamilton, Hastings, Havelock North, Hobsonville, Karaka, Katikati, Kenepuru, Levin, Lower Hutt, Manukau, Napier, Nelson, New Plymouth, Palmerston North, Pāpāmoa Beach, Paraparaumu, Prebbleton, Richmond, Rototuna, St Johns, Taupō, Te Awa, Trentham, Waikanae, Wanganui, Warkworth, Whangārei and Wigram.
- In addition, Summerset has proposed sites at Half Moon Bay (Auckland), Milldale (Auckland), Parnell (Auckland), Rangiora (Canterbury), Kelvin Grove (Palmerston North), and four properties in Victoria, Australia, bringing the total number of sites to 46.
- Summerset provides a range of living options and care services to approximately 7,000 residents.