

# Half year results presentation

Six months ended 30 June 2020

Summerset Group Holdings Limited

17 August 2020



# Agenda

1 1H20 result highlights

2 Strategic update

3 COVID-19 update

4 Business overview

5 Financial results

6 Interim dividend

7 Appendix



# 1H20 result highlights



# Summary

## COVID-19 pandemic

1. Positive 1H20 result achieved under the extraordinary operating environment of the COVID-19 global pandemic
2. Our priority is keeping our residents and staff safe with no cases in our villages and care centres to date
3. In level one, sales rates largely recovered however we remain cognisant that ongoing outbreaks may disrupt business operations for some time

## Key result highlights

1. Underlying profit for 1H20 of \$45.1m
2. Total assets now \$3.4b, up 13% on 1H19, with total equity of \$1.1b
3. Net operating cash flows of \$92.8m
4. Delivered 139 retirement units and 43 care beds and expect a build rate of around 300 to 350 retirement units in FY20
5. Opened the first of two main buildings due to be delivered in FY20 which include our market leading memory care apartments
6. Lodged the development approval application for our first Australian site



# 1H20 result snapshot



Underlying profit of \$45.1m driven by demand in our villages and care centres



\$45.1m

Underlying profit

**1H19** \$47.8m



\$92.8m

Net operating cash flows

**1H19** \$93.3m



\$1.0m

Net profit after tax

**1H19** \$92.6m



\$3.4b

Total assets

**1H19** \$3.0b



5,241

New Zealand and  
Australia land bank

**1H19** 4,883



\$766m

Embedded value

**1H19** \$694m



139

Retirement units  
delivered in 1H20



264

Sales of occupation  
rights

**1H19** 278



Casebrook

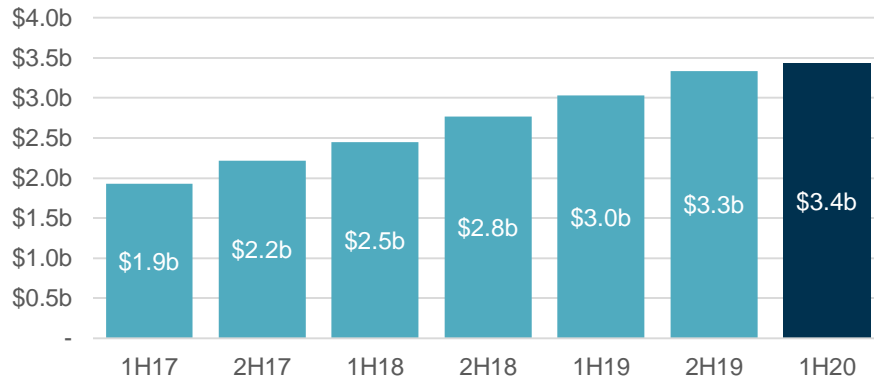
Main building opened with  
market leading memory care

# 1H20 result highlights

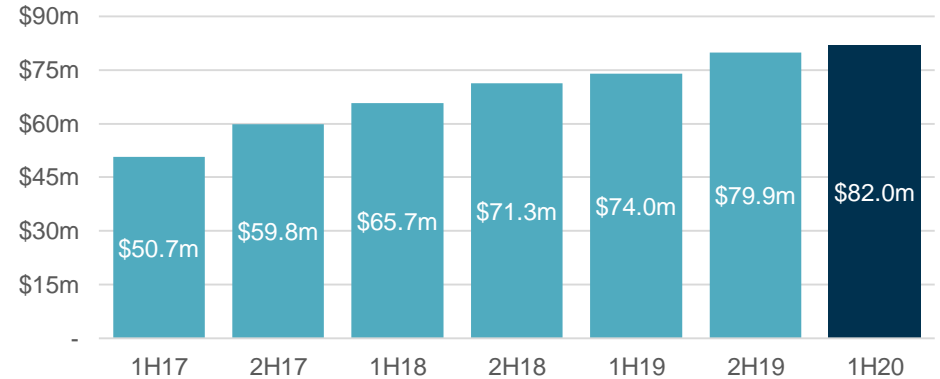


## Consistent asset growth over time

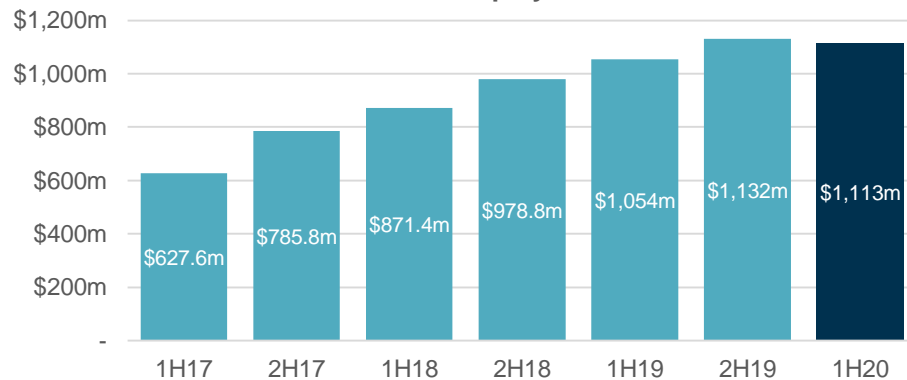
Total assets



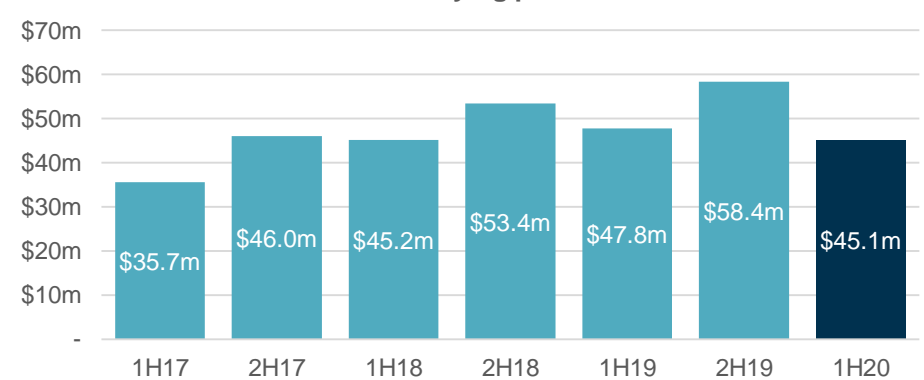
Total revenue



Total equity



Underlying profit







# Strategic update



# Summerset strategy



Summerset builds, owns and operates integrated retirement villages

- Continued focus on our response to the COVID-19 pandemic
- Emphasis on continuum of care model
- High quality care and facilities across all villages
- Villages designed to integrate into local communities
- Internal development and construction model
- Customer centric philosophy – bringing the best of life
- Leading memory care offering in New Zealand
- Expanding into Victoria, Australia





# Summerset snapshot

## Diversified portfolio throughout New Zealand

- 23 years of consistent delivery and asset growth
- Total assets have grown more than five times since listing on the NZX in 2011
- Portfolio of 4,225 retirement units and 901 care beds
- More than 5,700 residents
- 31 villages completed or under development
- Opened new concept main building in Casebrook
- Eight greenfield sites in New Zealand
- Two sites in Australia, in Cranbourne North, Melbourne and Torquay, Victoria
- Largest New Zealand land bank for a retirement village operator of 4,801 retirement units as at 1H20 (5,241 including Australia)





# COVID-19 update

# COVID-19 response

Prevention of COVID-19 in our villages and care centres remains our priority

## Our residents



- Remaining vigilant in response to the ongoing COVID-19 pandemic
- Focused on security and safety to ensure our villages remain a safe environment for residents
- Maintaining strict entry conditions during lockdowns
- Providing initiatives to keep residents connected, informed and happy throughout lockdowns

## Our staff



- Planned early to ensure systems and supplies were in place ahead of time
- Our response includes extra staffing, separated team rosters, temperature scanning, the use of face masks and PPE plus additional cleaning protocols
- Implemented pay increases in April-May lockdown period for care staff
- Continue to support staff to safely work from home

## Care



- Focus continues to be on our residents and COVID-19 prevention
- Care facility occupancy remains strong at over 96%
- Maintaining good PPE stocks to respond effectively to outbreaks
- Overwhelming support from families and residents to our COVID-19 plan



# COVID-19 response

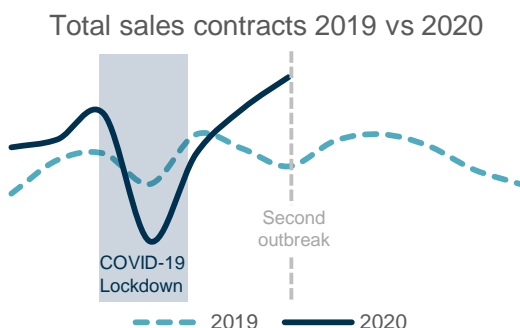
Prevention of COVID-19 in our villages and care centres remains our priority

## Cost control



- Broad cost control measures implemented from March 2020
- 20% reduction in salaries for directors, executive team and head office staff for ten weeks
- Reduced project spend to resident critical projects only
- Head office hiring freeze
- Emphasis remains on maintaining cost efficiencies gained in lockdown

## Sales



- Sales and settlements rebounded well following the April-May lockdown
- Increased enquiry seen at our sites
- The appeal of our villages has been enhanced as residents see the protections and support they provide
- Customer experience tools improved to assist current and future residents to navigate outbreaks, including virtual tours and Moving Made Easy package

## Development



- Delivered 139 retirement units and 43 care beds in 1H20
- Construction capacity managed around COVID-19 outbreaks
- Progressing new villages in Napier, Tauranga and New Plymouth
- Currently on track for build rate of around 300 to 350 retirement units

# COVID-19 response

## Prevention of COVID-19 in our villages and care centres remains our priority

### Debt management



- Strong financial disciplines upheld
- Sufficient bank debt headroom of around 44.9% (circa \$340m) remains to enable business flexibility and growth
- Gearing ratio remains appropriate at 35.8% (33.3% at FY19)
- Flexibility within our diversified and low capital intensive broad acre sites to adjust to market conditions quickly

### Investment property



- Investment property continues to grow with our portfolio, FV of \$17.7m attributed to new deliveries in 1H20
- Fair value of investment property portfolio remained broadly unchanged from FY19, down -0.46%
- Independent valuers' assumptions softened due to uncertainty regarding the financial impacts of COVID-19
- Landbank of 5,241 retirement units to be developed in Australia and NZ

### Financial management



- 1H20 underlying profit of \$45.1m despite impacts of COVID-19
- Net operating cash flows of \$92.8m in 1H20, in line with 1H19
- After considering recent developments, the Board has declared an interim dividend of 6.0 cents per share for 1H20
- The interim dividend will be paid on Friday 11 September 2020

# Resident and family feedback



## Overwhelming appreciation from residents, family and friends

**“ She feels safe and knows that all is OK in her world at Summerset.**

That is all thanks to you and your awesome team - who have created that safe bubble. Please will you pass on our thanks to your whole team - who are leaving their own bubble to support and care for Mum and all of your village...”

**Family member, Casebrook**



**“ Thank you, Summerset, for the grocery system.** That has taken a real weight off my mind, as Dad will now have a way of getting his shopping that does not involve me breaking isolation to deliver to him...”

**Family member, Casebrook**

**“ Thank you for the information you have sent us and for all the precautions you are taking to protect us all.**

**I personally feel very safe in my Summerset Village...”**

**Wigram resident**

**“ We would like to say a very big thank you to you and all the staff in our lovely village for the wonderful care,** attention and thoughtfulness that you have all shown us during this very unusual period...”

**Levin resident**





A photograph of an elderly woman with short white hair and glasses, smiling warmly while sitting at a wooden table in a brightly lit room. She is wearing a patterned cardigan over a dark top. In the background, there are shelves filled with various baked goods, suggesting a bakery or a community hall. Other people are partially visible in the foreground, out of focus.

# Business overview

# Bringing the best of life

## Our staff, residents and wider community

- Awarded Dementia Friendly accreditation by Alzheimers New Zealand in April 2020 - reflecting 18 months work to make our villages more accessible for those living with dementia
- Continued our successful partnership with Dementia New Zealand and the Wellington Free Ambulance
- Supported the Australia Bushfire Appeal by raising over \$25,000 in resident and Summerset donations
- Introduced uniforms for Summerset staff of various cultures and faith
- Title sponsor of the National Bowls Championship in January
- Implemented a Construction Management Mentorship Programme
- Renewed our carbonzero certification with Toitū Envirocare in January 2020 and are a member of the Climate Leaders Coalition





# New main building design

## Delivery of our new concept main building design in Casebrook

- New concept main building delivered in Casebrook in 1H20
- The main building forms the heart of our village and has seen a fantastic response from residents, supported by positive sales and occupancy rates
- The building includes;
  - a fully certified care centre
  - serviced apartments
  - state-of-the-art memory care centre for people living with dementia
  - swimming pool and gymnasium
  - resident lounges, bar and dining rooms
  - library, theatre, beauty salon
- This new main building design will be available in our future villages, all including our new memory care centres





# New main building design

## Delivery of our new concept main building design in Casebrook

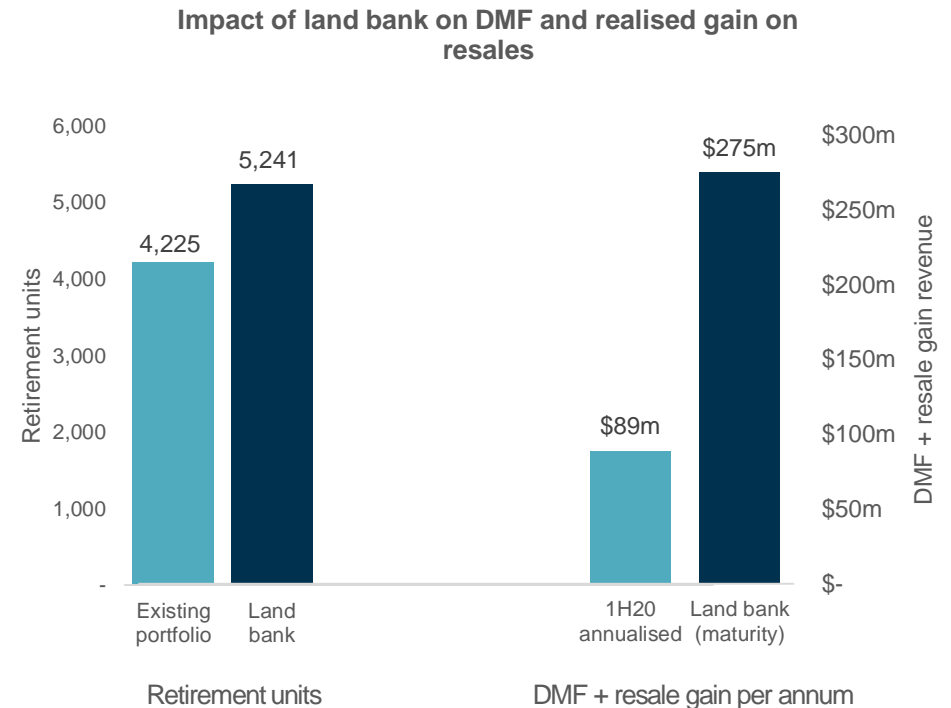
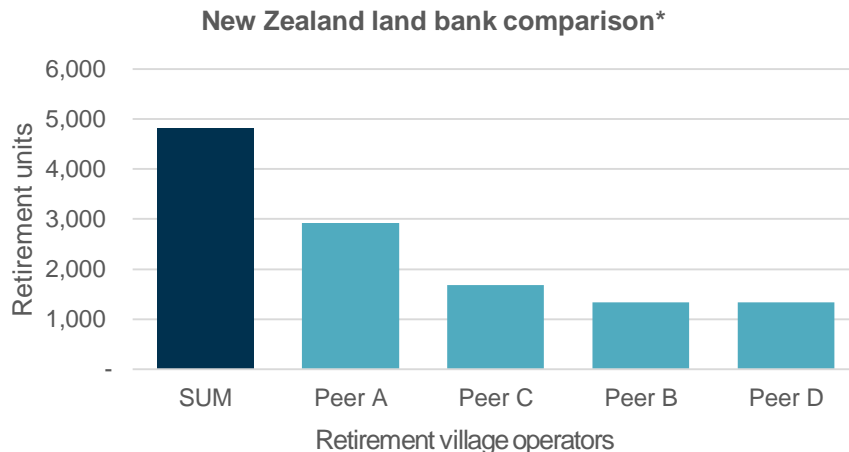
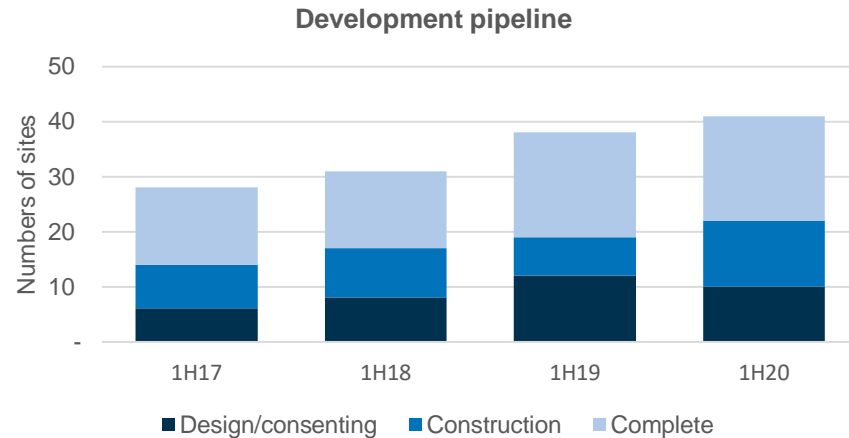
- Market leading memory care apartments incorporated into Casebrook and future villages
- The design brings apartment living for those with dementia to a secure environment
- Our new memory care centre includes;
  - communal indoor and outdoor areas
  - sensory room (includes interactive tables)
  - nature inspired design with unique wall murals
  - coloured panels to help residents find their way around



# Land bank diversification



Land bank to contribute significant boost in revenue each year once mature



\* Based on most recent results presentations



# 1H20 development activity

Delivered 139 retirement units and 43 care beds in 1H20 across four sites

Rototuna



Avonhead



Casebrook



Richmond





# 1H20 development activity

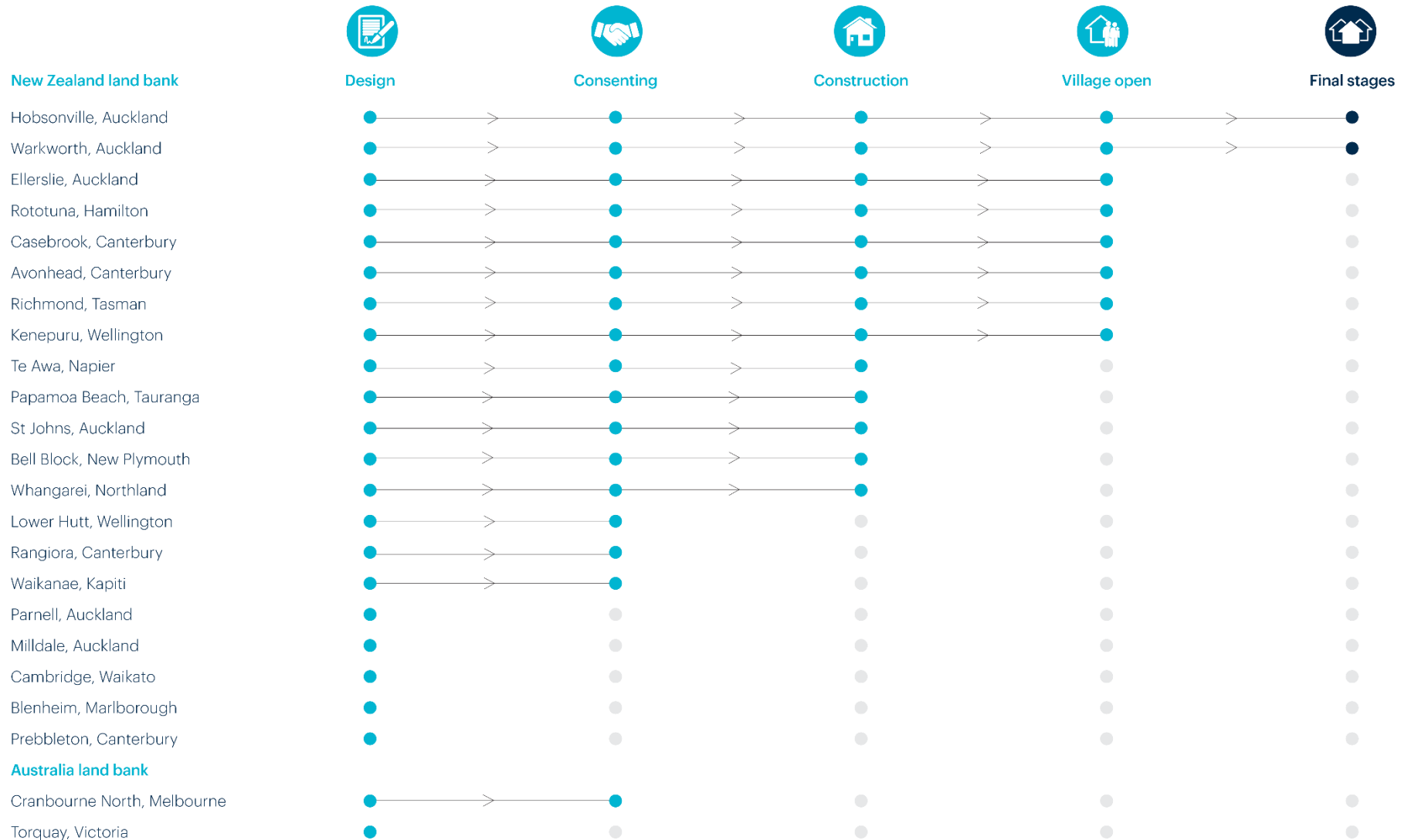


Delivered 139 retirement units and 43 care beds in 1H20 across four sites

Unit delivery 1H20	Villas	Serviced & memory care apartments	Total retirement units	Total care beds
Avonhead	13	-	13	-
Casebrook	17	76	93	43
Ellerslie	-	-	-	-
Hobsonville	-	-	-	-
Kenepuru	-	-	-	-
Richmond	20	-	20	-
Rototuna	13	-	13	-
Warkworth	-	-	-	-
<b>Total</b>	<b>63</b>	<b>76</b>	<b>139</b>	<b>43</b>

- 139 retirement units and 43 care beds were delivered across four villages. Currently on track to deliver around 300 to 350 retirement units in FY20
- Completed first new concept main building in Casebrook
- Delivered villa stages in Avonhead, Casebrook, Rototuna and Richmond with no apartment deliveries in the period
  - Advanced Kenepuru apartments, first block set to deliver in 2H20 and good progress made on the final apartment block in Ellerslie
  - Main building in Rototuna continues to progress, delivery timing will be impacted by COVID-19 outbreaks
- Expect to deliver first units in Bell Block (New Plymouth), Papamoa Beach (Tauranga) and Te Awa (Napier) in 2H20

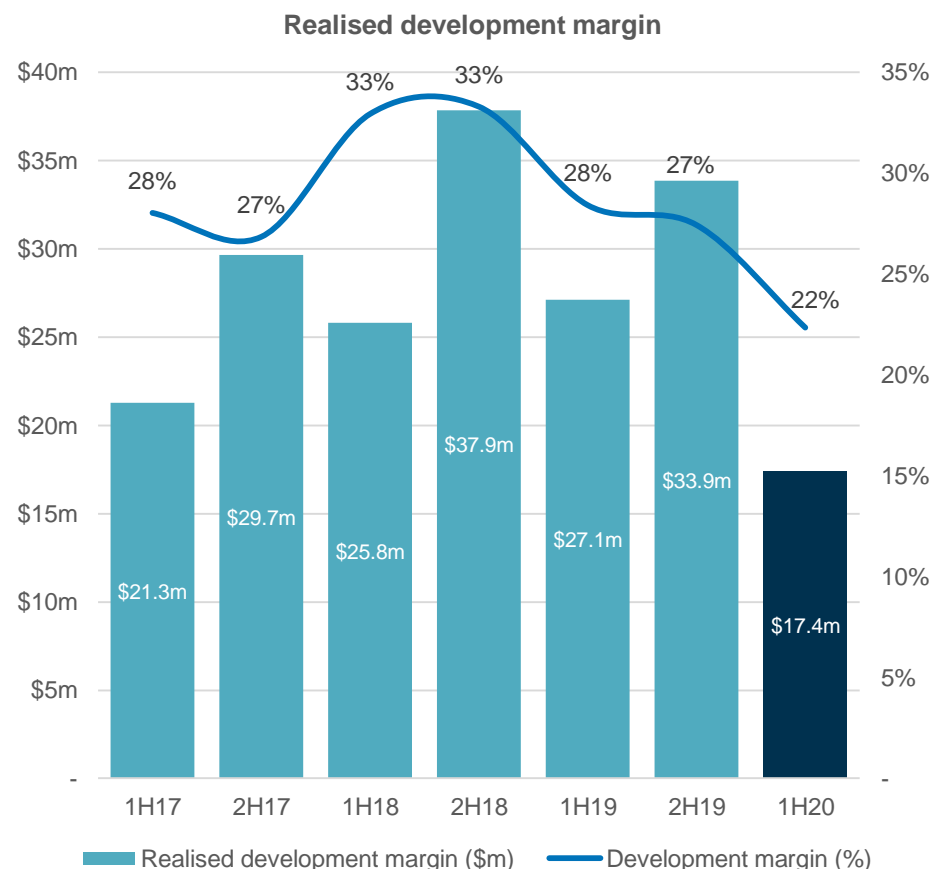
# Development pipeline



# Development margin

Realised development margin of \$17.4m, with a 22% development margin

- 1H20 realised development margin of \$17.4m. Lower than previous year with volumes remaining close to 1H19 levels
- Development margin of 22% achieved in 1H20 across 11 sites and reflective of the following;
  - a higher proportion of serviced and memory care apartments
  - higher proportion of sales outside Auckland highlighting more units being developed outside Auckland
- Settlements of new occupation rights were around 30% in our Auckland villages relative to 1H19 where 60% were in Auckland
- This was underpinned by no new deliveries in Auckland this half and reflects our diversification strategy to grow our business across New Zealand
- We continue to see good margins across our villa stages
- Over the medium term we continue to expect development margins to be within our target range of approximately 20% to 25%





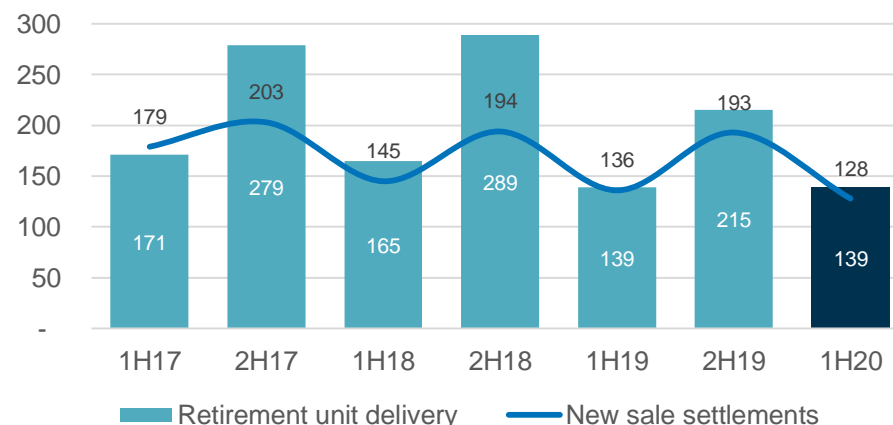
# New sales of occupation rights

Gross proceeds of \$78.0m, 128 new sales in the period

- New sales broadly in line with 1H19 despite the disruption of COVID-19 with residents unable to settle for around five weeks
- Overall, new sales only down 6% while around 35% of 1H20 sales activity was constrained by COVID-19 restrictions
- 128 new sales of occupation rights in 1H20 with gross proceeds of \$78.0m
- Average gross proceeds per new sale settlement of \$609k, down from \$701k in 1H19
- Decrease in gross proceeds driven by higher proportion of serviced and memory care apartments and fewer settlements in Auckland
- Strong demand seen in our newly opened Casebrook main building with first residents welcomed into our serviced and memory care apartments in March
- Now seeing the benefits of regional diversification – will improve further in 2H20 with new villages expected to open in Tauranga, Napier and New Plymouth

New sales	1H20	1H19	Variance	FY19
Gross proceeds (\$m)	78.0	95.3	(18%)	218.7
Villas	82	71	15%	216
Apartments	14	37	(62%)	62
Serviced and memory care apartments	32	28	14%	51
<b>Total occupation rights</b>	<b>128</b>	<b>136</b>	<b>(6%)</b>	<b>329</b>

New sales and retirement unit delivery



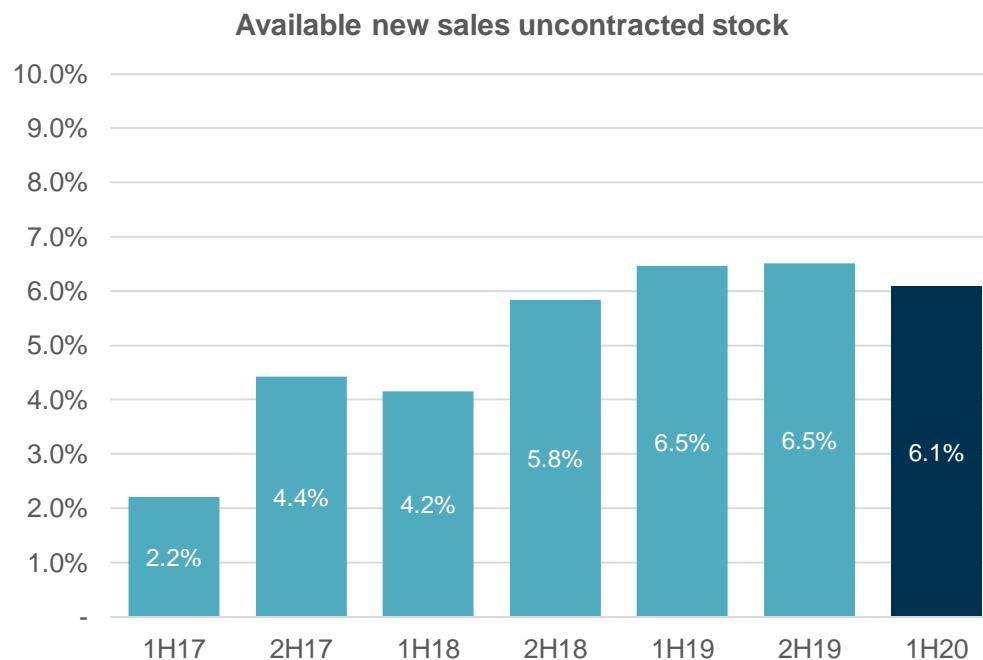
# New sales stock



## Stock levels remain stable relative to FY19

- Uncontracted new sale stock of 257 retirement units, down from 266 at FY19 (3%). Contracted new sale stock now at historically high levels
- Decrease in stock numbers seen in both villa and apartment retirement units with a higher proportion of both unit types now contracted
- Increase in serviced and memory care apartment stock driven by the delivery of Casebrook main building (76 units). Strong demand seen for these retirement units with over 45% contracted or settled within four months

New sales stock	1H20	FY19	1H19
Contracted	98	78	72
Uncontracted	257	266	250
<b>Total new sales stock</b>	<b>355</b>	<b>344</b>	<b>322</b>
Contracted	66	59	43
Uncontracted	121	147	158
<b>Villas</b>	<b>187</b>	<b>206</b>	<b>201</b>
Contracted	14	11	14
Uncontracted	70	87	44
<b>Apartments</b>	<b>84</b>	<b>98</b>	<b>58</b>
Contracted	18	8	15
Uncontracted	66	32	48
<b>Serviced &amp; memory care apartments</b>	<b>84</b>	<b>40</b>	<b>63</b>

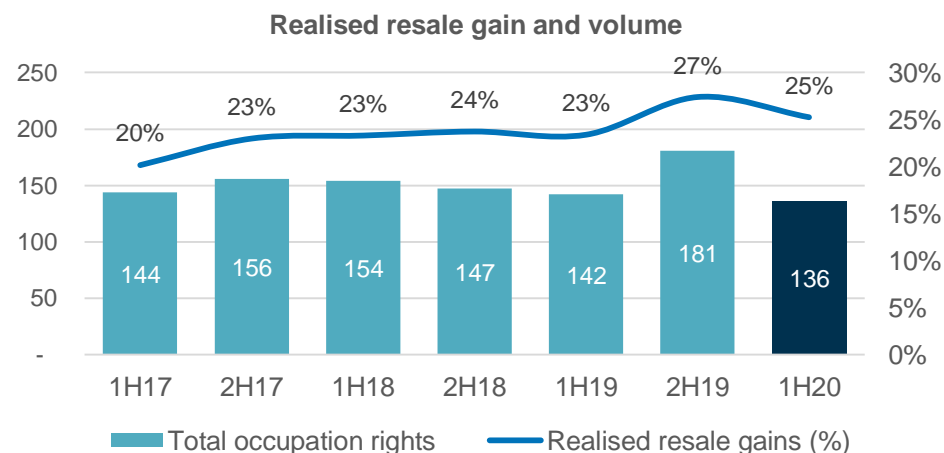
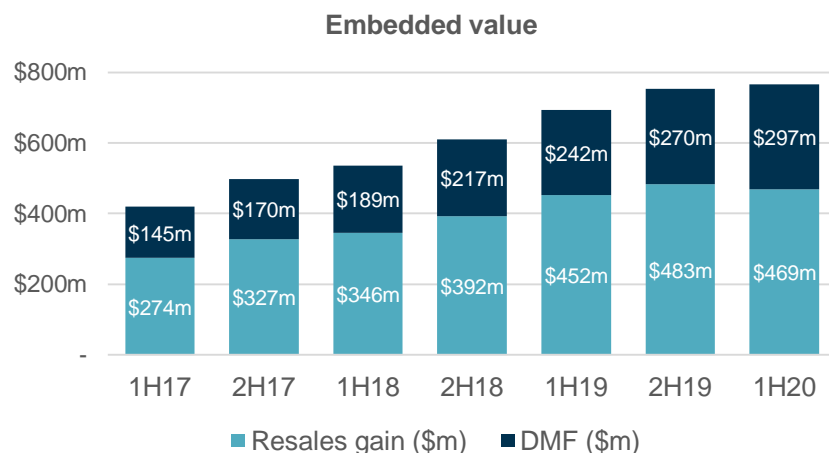


# Resales of occupation rights

## Strong realised resale gains for the period

- Realised resale gain has increased by 10% to \$15.7m in 1H20
- Resale gain continue to be strong at 25.2%, up from 23.4% at 1H19
- Resales of occupation rights similar to 1H19 with 136 for the period, despite the impacts of COVID-19 lockdown
- Average gross proceeds per resale settlement of \$457k, up 6% from \$430k in 1H19
- Realised resale gain up \$1.4m due to higher realised gain per unit of \$115k compared to \$101k in 1H19

Resales	1H20	1H19	Variance	FY19
Gross proceeds (\$m)	62.2	61.1	2%	143.7
Realised resale gains (\$m)	15.7	14.3	10%	36.9
Realised resale gains (%)	25.2%	23.4%	8%	25.7%
DMF realisation (\$m)	7.7	8.0	(3%)	18.9
Villas	70	72	(3%)	173
Apartments	14	10	40%	31
Serviced and memory care apartments	52	60	(13%)	119
<b>Total occupation rights</b>	<b>136</b>	<b>142</b>	<b>(4%)</b>	<b>323</b>

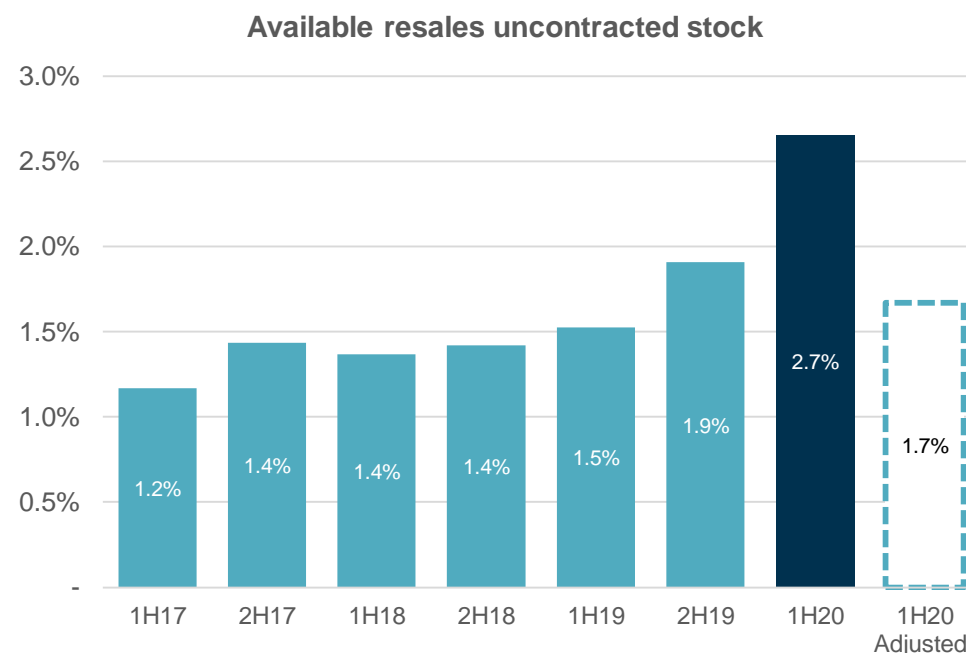




## Resales stock levels impacted by the April-May COVID-19 shutdown

- Resales stock 35% to 40% higher than normal due to the impact of the first COVID-19 lockdown. The key driver being units were unable to be vacated during the lockdown period which delayed refurbishment and subsequent resale
- In level one, sales rates largely recovered with uncontracted stock as a proportion of total resale stock lower than FY19

Resales stock	1H20	FY19	1H19
Contracted	92	54	66
Uncontracted	112	78	59
<b>Total resales stock</b>	<b>204</b>	<b>132</b>	<b>125</b>
Contracted	59	29	42
Uncontracted	47	35	28
<b>Villas</b>	<b>106</b>	<b>64</b>	<b>70</b>
Contracted	8	5	5
Uncontracted	18	15	11
<b>Apartments</b>	<b>26</b>	<b>20</b>	<b>16</b>
Contracted	25	20	19
Uncontracted	47	28	20
<b>Serviced &amp; memory care apartments</b>	<b>72</b>	<b>48</b>	<b>39</b>



\* 1H20 adjusted – stock normalised for COVID-19 sales impact





# Financial results



# 1H20 reported profit (IFRS)



## 1H20 net profit after tax of \$1.0m

- 1H20 IFRS NPAT of \$1.0m a result of fair value movement in investment property of -\$14.7m
- Fair value movement impacted by material adjustments in short term HPI growth rates and discount rates applied by our independent valuers, CBRE
- Adjustments related to COVID-19 uncertainty and are in line with those applied to other RV operators
- Summerset achieved a core fair value gain in 1H20 of \$37.3m from retirement unit pricing and the delivery of 139 new units
- Assumption changes by CBRE had a negative impact on fair value of -\$51.9m
- Overall, the value of investment property remains largely unchanged, the fair value decrease of -\$14.7m being -0.46% of our total investment property asset base

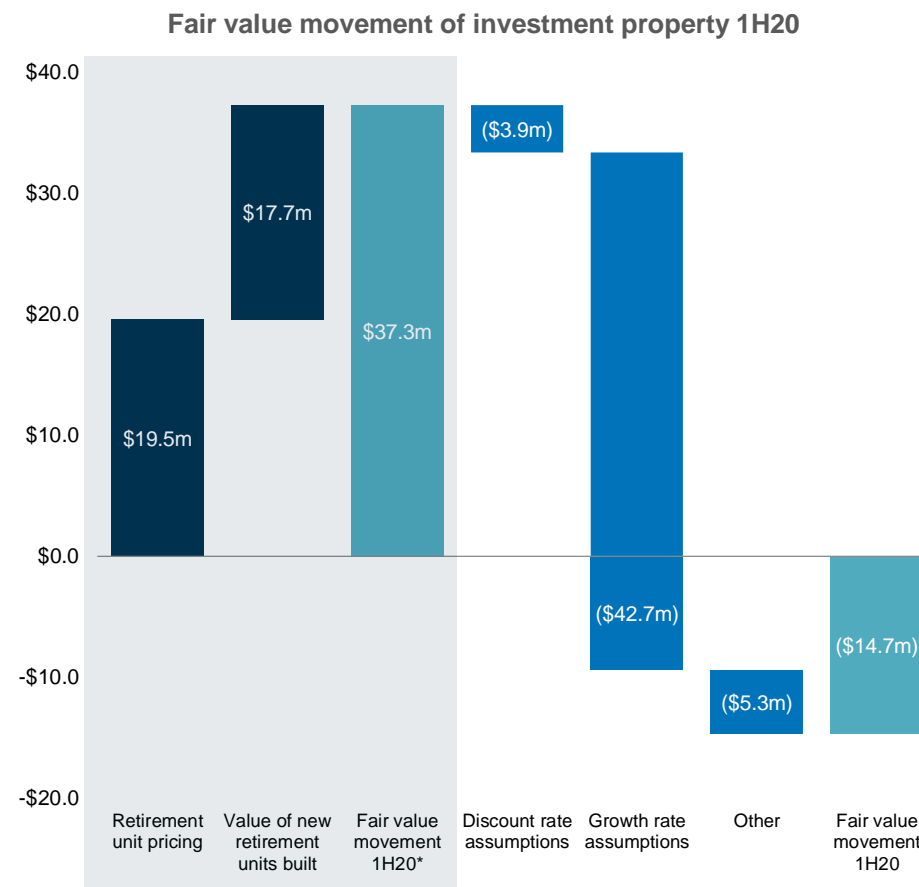
NZ\$m	1H20	1H19	Variance	FY19
Total revenue	82.0	74.0	11%	153.9
Fair value movement of investment property	(14.7)	85.7	(117%)	165.3
<b>Total income</b>	<b>67.4</b>	<b>159.7</b>	<b>(58%)</b>	<b>319.2</b>
Total expenses	61.8	60.8	2%	130.2
Net finance costs	8.3	6.8	22%	15.4
<b>Net profit before tax</b>	<b>(2.7)</b>	<b>92.1</b>	<b>(103%)</b>	<b>173.6</b>
Tax expense / (credit)	(3.7)	(0.5)	612%	(1.7)
<b>Net profit after tax</b>	<b>1.0</b>	<b>92.6</b>	<b>(99%)</b>	<b>175.3</b>



# Fair value movement

## Core fair value movement of investment property of \$37.3m

- Total fair value movement of -\$14.7m, impacted by material changes in the assumptions applied by our independent valuers, CBRE
- CBRE have adopted a more conservative position in relation to short term growth assumptions due to COVID-19 uncertainty
- Summerset's core fair value movement for 1H20 was \$37.3m driven by;
  - Increases in retirement unit pricing of \$19.5m
  - New retirement units built of \$17.7m
- Refer to the appendices (slide 42 and 43) for key assumptions associated with the investment property valuation



\* Fair value movement before COVID-19 assumption changes

# 1H20 underlying profit



## Underlying profit down 6% on 1H19

- Underlying profit of \$45.1m highlights the strength of Summerset's core business
- Continued growth in our care and village operating performance driven by demand in our villages and care centres;
  - Care fees and village services of \$53.3m, up 9%
  - Deferred management fees of \$28.7m, up 15%
  - Realised gain on resales of \$15.7m, up 10%
- Additional COVID-19 related expenditure of \$4.0m in the period, offset by the Government Wage Subsidy (\$8.7m) and aged care funding grants (\$0.7m) which enabled Summerset to retain all staff
- Net impact from COVID-19 was around 15% on underlying profit for 1H20. This excludes any adjustment for lost sales activity through COVID-19 restrictions, in place for around 35% of 1H20

NZ\$m	1H20	1H19	Variance	FY19
Care fees and village services	53.3	48.8	9%	101.3
Deferred management fees	28.7	25.1	15%	52.5
Realised gain on resales	15.7	14.3	10%	36.9
Realised development margin	17.4	27.1	(36%)	61.0
Interest received	0.0	0.2	(86%)	0.2
<b>Total income</b>	<b>115.1</b>	<b>115.4</b>	<b>0%</b>	<b>251.8</b>
Operating expenses	57.8	56.9	2%	122.4
Depreciation and amortisation	3.9	3.9	0%	7.8
Net finance costs	8.3	6.8	22%	15.4
<b>Total expenses</b>	<b>70.0</b>	<b>67.6</b>	<b>4%</b>	<b>145.6</b>
<b>Underlying profit</b>	<b>45.1</b>	<b>47.8</b>	<b>(6%)</b>	<b>106.2</b>

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 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.

# 1H20 cash flows



## Net operating cash flow in line with 1H19

- Net operating cash flow of \$92.8m, in line with 1H19 operating cash flows of \$93.3m
- Net operating business cash flow of \$16.5m, up \$12.3m on 1H19 highlighting strong growth in our core business functions
- Net receipts from resales were up \$6.6m on 1H19 driven by uplift in resales margins
- Gross receipts from new sales down 14% on 1H19 due to lower sales volumes directly impacted by COVID-19
- Investing cash out flows increased 10% on 1H19 due to land settlements for Rangiora and Cambridge in the period
- Other investing cash out flows in 1H20 primarily reflects our investment in;
  - upgrading our assist call systems across our villages
  - the purchase of temporary recreation facilities for our developing villages

NZ\$m	1H20	1H19	Variance	FY19
Net operating business cash flow	16.5	4.2	297%	28.5
Receipts for residents' loans - new sales	76.3	89.2	(14%)	209.4
<b>Net operating cash flow</b>	<b>92.8</b>	<b>93.3</b>	<b>(1%)</b>	<b>237.9</b>
Settlement of land	(10.9)	1.4	(861%)	(57.3)
Construction of new IP & care facilities	(100.9)	(102.5)	(2%)	(248.2)
Refurb of existing IP & care facilities	(3.9)	(4.1)	(4%)	(7.3)
Other investing cash flows	(2.7)	(1.9)	39%	(3.7)
Capitalised interest paid	(5.1)	(5.4)	(6%)	(10.8)
<b>Net investing cash flow</b>	<b>(123.5)</b>	<b>(112.5)</b>	<b>10%</b>	<b>(327.4)</b>
Net proceeds from borrowings	41.6	37.8	10%	135.6
Dividends paid	(11.1)	(10.4)	7%	(19.5)
Other financing cash flows	(8.2)	(6.6)	25%	(12.6)
<b>Net financing cash flow</b>	<b>22.2</b>	<b>20.8</b>	<b>7%</b>	<b>103.5</b>



# 1H20 balance sheet



Total assets of \$3.4b, up 13% from \$3.0b at 1H19

- Total assets of \$3.4b, up 13% on 1H19 driven by continued development and growth in existing villages
- Investment property valuation of \$3.2b, up 14% on 1H19
- Other assets include land and buildings (primarily care centres)
- Care centres were valued as at 31 December 2017 (three yearly cycle)
  - Includes the delivery of Casebrook's care centre in 1H20
- Embedded value of \$765.7m, \$181k per retirement unit, as at 30 June 2020, comprised of:
  - \$468.5m resale gains
  - \$297.2m deferred management fees

NZ\$m	1H20	1H19	Variance	FY19
Investment property	3,206	2,824	14%	3,107
Other assets	227.1	204.0	11%	230.9
<b>Total assets</b>	<b>3,433</b>	<b>3,028</b>	<b>13%</b>	<b>3,338</b>
Residents' loans	1,365	1,206	13%	1,328
Face value of bank loans & bonds*	634.9	489.3	30%	587.1
Other liabilities	319.3	278.3	15%	291.3
<b>Total liabilities</b>	<b>2,319</b>	<b>1,974</b>	<b>17%</b>	<b>2,206</b>
<b>Net assets**</b>	<b>1,113</b>	<b>1,054</b>	<b>6%</b>	<b>1,132</b>
<b>Embedded value</b>	<b>765.7</b>	<b>693.5</b>	<b>10%</b>	<b>752.7</b>
<b>NTA (cents per share)</b>	<b>491.3</b>	<b>470.5</b>	<b>4%</b>	<b>502.0</b>

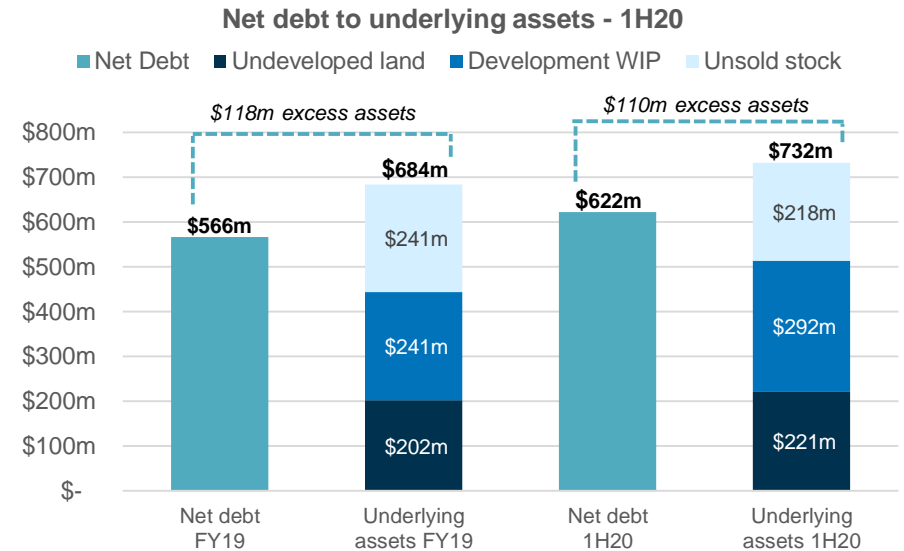
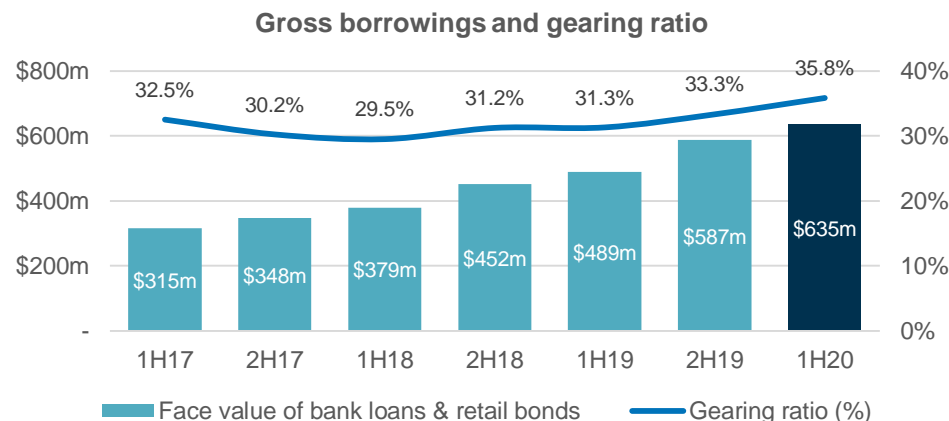
\* Face value of drawn bank debt and retail bonds. Excludes capitalised and amortised bond issue costs, and fair value movement on hedged borrowings.

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

# Gearing ratio

## Net debt of \$621.9m\* and gearing ratio of 35.8%

- Net debt of \$621.9m\* as at 30 June 2020, up \$56.3m on FY19
- Uplift in gross debt driven by land settlements in the period and construction progress on our developing sites
- \$225m of retail bonds and bank facility of approximately \$750m
- Gearing ratio of 35.8%, up from 33.3% at FY19. Expected to be around 34.5% without COVID-19 impact on IP valuations
- Development assets exceed the value of net debt by \$110m or 18%



NZ\$m	1H20	1H19	Variance	FY19
Gearing ratio (%)**	35.8%	31.3%	14.5%	33.3%
Bank & bond LVR (%)**	37.9%	32.8%	15.5%	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)

A photograph of a woman in a purple short-sleeved shirt with a colorful floral pattern on the sleeves, leaning over an elderly woman with short blonde hair wearing a red top and a patterned scarf. They are seated at a dark wooden table. On the table are white teacups, a teapot, and several dominoes. The elderly woman is holding a small piece of food. In the background, there is a large window with a view of a city building. A semi-transparent grey banner with the text "Interim dividend" is overlaid on the lower half of the image.

Interim dividend



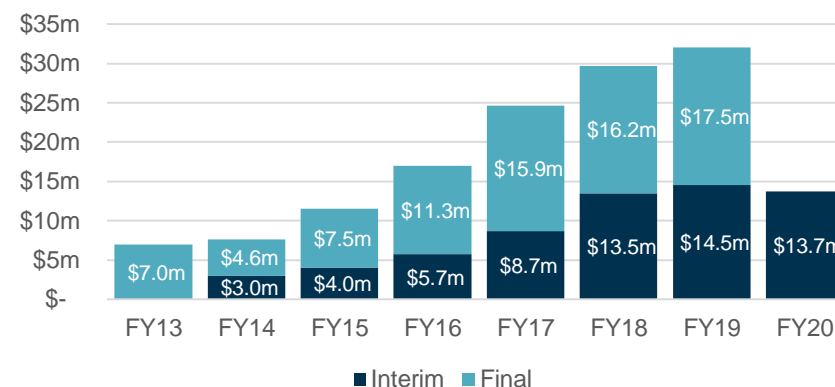
# 1H20 interim dividend



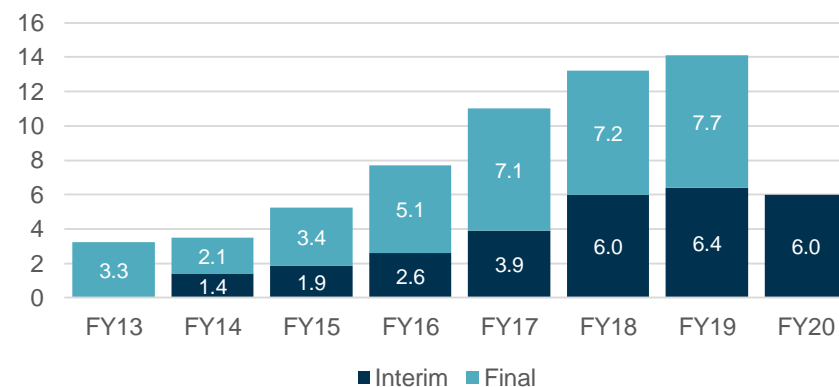
## 1H20 interim dividend of 6.0 cents per share

- The Board has declared an interim dividend of 6.0 cents per share, unimputed. This compares to a 2019 interim dividend of 6.4 cents per share
- This represents a pay-out for the first half of 2020 of approximately \$13.7m and is 30% of 1H20 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 Tuesday 1 September 2020. Any applications received on or after this time will be applied to subsequent dividends
- The interim dividend will be paid on Friday 11 September 2020. The record date for final determination of entitlements to the interim dividend is Monday 31 August 2020

Dividend payout per year



Dividend per share by year



# Questions





# 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





A photograph of three people in a hallway. On the left, a young woman with dark hair, wearing a purple top with a colorful floral pattern, is smiling and looking upwards. In the center, an older man with white hair, wearing a white polo shirt, is smiling and looking towards the right. On the right, a woman with dark hair, wearing a purple top with a colorful floral pattern and a name tag that says "MARA", is smiling and looking towards the center. The background is a plain, light-colored wall with a circular light fixture and a rectangular light fixture visible.

# Appendix

# 1H20 result highlights



Underlying profit down 6% on 1H19

		1H20	1H19	Variance	FY19
Financial (NZ\$m)	Net profit before tax (IFRS)	(2.7)	92.1	(103%)	173.6
	<b>Net profit after tax (IFRS)</b>	<b>1.0</b>	<b>92.6</b>	<b>(99%)</b>	<b>175.3</b>
	Less reversal of impairment on land & buildings	-	-	n/a	-
	(Add)/ less fair value movement of investment property	14.7	(85.7)	(117%)	(165.3)
	Add realised gain on resales	15.7	14.3	10%	36.9
	Add realised development margin	17.4	27.1	(36%)	61.0
	Add/(less) deferred tax expense/(credit)	(3.7)	(0.5)	612%	(1.7)
	<b>Underlying profit*</b>	<b>45.1</b>	<b>47.8</b>	<b>(6%)</b>	<b>106.2</b>
Balance Sheet (NZ\$m)	Total assets	3,433	3,028	13%	3,338
	Net operating cash flow	92.8	93.3	(1%)	237.9
Operational	New sales of occupation rights	128	136	(6%)	329
	Resales of occupation rights	136	142	(4%)	323
	<b>Total sales of occupation rights</b>	<b>264</b>	<b>278</b>	<b>(5%)</b>	<b>652</b>
	New retirement units delivered	139	139	0%	354

\*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 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 9 year CAGR of 31%

Half Year Results	9 Year CAGR*	1H20	2H19	1H19	2H18	1H18	2H17	1H17	FY11
New sales of occupation rights	10%	128	193	136	194	145	203	179	108
Resales of occupation rights	9%	136	181	142	147	154	156	144	123
<b>Total sales</b>	<b>10%</b>	<b>264</b>	<b>374</b>	<b>278</b>	<b>341</b>	<b>299</b>	<b>359</b>	<b>323</b>	<b>231</b>
New retirement units delivered	10%	139	215	139	289	165	279	171	122
Retirement units in portfolio	13%	4,225	4,086	3,871	3,732	3,443	3,278	2,999	1,486
Care beds in portfolio	13%	901	858	858	858	858	806	748	327
Total revenue (\$m)	19%	82.0	79.9	74.0	71.3	65.7	59.8	50.7	33.7
Net profit after tax (\$m)	-8%	1.0	82.7	92.6	118.1	96.4	149.7	90.3	4.3
Underlying profit** (\$m)	31%	45.1	58.4	47.8	53.4	45.2	46.0	35.7	8.1
Net operating cash flow (\$m)	17%	92.8	144.6	93.3	125.0	92.8	121.3	86.4	43.7
Total assets (\$m)	21%	3,433	3,338	3,028	2,766	2,451	2,233	1,932	616.9
Total equity (\$m)	19%	1,113	1,132	1,054	978.8	871.4	785.8	627.6	233.4
Interest bearing loans and borrowings (\$m)	28%	654.8	597.1	499.8	452.8	379.7	347.2	315.3	69.1
Cash and cash equivalents (\$m)		13.0	21.5	9.1	7.5	14.7	7.6	13.1	9.0
Gearing ratio (Net D/ Net D+E)		35.8%	33.3%	31.3%	31.2%	29.5%	30.2%	32.5%	20.5%
EPS (cents) (IFRS profit)	-11%	0.44	36.93	41.66	53.48	43.76	60.86	41.37	2.39
NTA (cents)	18%	491.3	502.0	470.5	438.4	391.9	347.6	285.7	109.3
Development margin (%)		22.3%	27.4%	28.4%	33.3%	33.0%	26.9%	28.0%	6.2%

\* Compound annual growth rate

\*\* Underlying profit differs from NZ IFRS reported profit after tax. The measure has been reviewed by Ernst & Young. Refer to slide 40 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	149.2	(2.1)	13.50%	(2.0%)	0.0%	2.5%	3.0%	3.5%
Summerset by the Lake	Taupo	62.2	(0.5)	16.00%	(2.0%)	0.0%	1.5%	2.5%	3.5%
Summerset in the Bay	Napier	72.5	(1.0)	14.13%	(2.0%)	0.0%	2.0%	2.5%	3.5%
Summerset in the Orchard	Hastings	78.0	(2.4)	15.25%	(2.0%)	0.0%	2.0%	2.5%	3.5%
Summerset in the Vines	Havelock North	61.7	(0.9)	14.88%	(2.0%)	0.0%	2.0%	2.5%	3.5%
Summerset in the River City	Wanganui	32.1	(0.6)	16.13%	(2.0%)	0.0%	1.5%	2.0%	2.5%
Summerset on Summerhill	Palmerston North	48.0	(1.4)	14.88%	(2.0%)	0.0%	2.0%	2.5%	3.0%
Summerset by the Ranges	Levin	30.7	0.3	15.88%	(2.0%)	0.0%	1.5%	2.0%	3.0%
Summerset on the Coast	Paraparaumu	60.2	(0.6)	14.50%	(2.0%)	0.0%	2.0%	2.5%	3.5%
Summerset at Aotea	Aotea	104.7	(0.1)	14.50%	(2.0%)	0.0%	2.0%	2.5%	3.5%
Summerset in the Sun	Nelson	149.1	0.1	13.75%	(2.0%)	0.0%	1.0%	2.5%	3.5%
Summerset at Bishopscourt	Dunedin	49.0	(1.2)	14.88%	(2.0%)	0.0%	1.5%	2.5%	3.0%
Summerset down the Lane	Hamilton	134.2	(0.9)	14.00%	(2.0%)	0.0%	2.0%	2.5%	3.5%
Summerset Mountain View	New Plymouth	72.2	(0.2)	14.88%	(2.0%)	0.0%	1.5%	2.5%	3.0%
Summerset Falls	Warkworth	177.6	(4.4)	14.13%	(2.0%)	0.0%	2.0%	3.0%	3.5%
Summerset at Karaka	Karaka	182.0	(2.5)	14.38%	(2.0%)	0.0%	2.0%	2.5%	3.5%
Summerset at Wigram	Wigram	121.0	0.5	14.63%	0.0%	0.0%	2.0%	3.0%	3.5%
Summerset at the Course	Trentham	160.8	(4.5)	14.00%	(2.0%)	0.0%	2.0%	2.5%	3.5%
Summerset by the Sea	Katikati	97.1	0.7	15.13%	(2.0%)	0.0%	1.5%	2.5%	3.5%
<b>Total for completed villages</b>		<b>1,842.2</b>	<b>(21.5)</b>						

\* 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		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 at Monterey Park	Hobsonville	254.4	(8.9)	14.13%	(2.0%)	0.0%	2.0%	2.5%	3.5%
Summerset at Heritage Park	Ellerslie	227.6	6.4	15.13%	(2.0%)	0.0%	2.0%	2.5%	3.5%
Summerset Rototuna	Rototuna	83.7	0.7	16.00%	(2.0%)	0.0%	2.0%	2.5%	3.5%
Summerset on Cavendish	Casebrook	134.1	4.2	15.38%	0.0%	0.0%	2.0%	3.0%	3.5%
Summerset Richmond Ranges	Richmond	41.1	2.7	16.25%	(2.0%)	0.0%	1.0%	2.5%	3.5%
Summerset at Avonhead	Avonhead	57.0	1.0	16.25%	0.0%	0.0%	2.0%	3.0%	3.5%
Summerset on the Landing	Kenepuru	35.2	1.7	16.50%	(2.0%)	0.0%	2.0%	2.5%	3.5%
Summerset Te Awa	Te Awa	10.3	(0.0)	n/a	n/a	n/a	n/a	n/a	n/a
Summerset by the Dunes	Papamoa Beach	14.7	(0.0)	n/a	n/a	n/a	n/a	n/a	n/a
Summerset St Johns	St Johns	39.2	0.0	n/a	n/a	n/a	n/a	n/a	n/a
Summerset Whangarei	Whangarei	8.9	0.0	n/a	n/a	n/a	n/a	n/a	n/a
Summerset Pohutukawa Place	Bell Block	9.8	0.0	n/a	n/a	n/a	n/a	n/a	n/a
<b>Total for villages in development</b>		<b>915.9</b>	<b>7.9</b>						
<b>Total for proposed villages</b>		<b>165.3</b>	<b>(1.0)</b>						
<b>Total for all villages</b>		<b>2,923</b>	<b>(14.7)</b>						

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

# Portfolio as at 30 June 2020



4,225 retirement units and 901 care beds

Existing portfolio - as at 30 June 2020					
Village	Villas	Apartments	Serviced & memory care apartments	Total retirement units	Total care beds
Ellerslie	34	144	57	235	58
Hobsonville	125	73	52	250	52
Karaka	182	-	59	241	50
Manukau	89	67	27	183	54
Warkworth	202	2	44	248	41
<b>Auckland</b>	<b>632</b>	<b>286</b>	<b>239</b>	<b>1,157</b>	<b>255</b>
Hamilton	183	-	50	233	49
Rototuna	128	-	-	128	-
Taupo	94	34	18	146	-
<b>Waikato</b>	<b>405</b>	<b>34</b>	<b>68</b>	<b>507</b>	<b>49</b>
Katikati	156	-	20	176	49
<b>Bay of Plenty</b>	<b>156</b>	<b>-</b>	<b>20</b>	<b>176</b>	<b>49</b>
Hastings	146	5	-	151	-
Havelock North	94	28	-	122	45
Napier	94	26	20	140	48
<b>Hawke's Bay</b>	<b>334</b>	<b>59</b>	<b>20</b>	<b>413</b>	<b>93</b>
New Plymouth	108	-	40	148	52
<b>Taranaki</b>	<b>108</b>	<b>-</b>	<b>40</b>	<b>148</b>	<b>52</b>
Levin	64	22	10	96	41
Palmerston North	90	12	-	102	44
Wanganui	70	18	12	100	37
<b>Manawatu-Wanganui</b>	<b>224</b>	<b>52</b>	<b>22</b>	<b>298</b>	<b>122</b>



# Portfolio as at 30 June 2020<sub>(cont'd)</sub>



4,225 retirement units and 901 care beds

Village	Existing portfolio - as at 30 June 2020			Total retirement units	Total care beds
	Villas	Apartments	Serviced & memory care apartments		
Aotea	96	33	38	167	-
Kenepuru	29	-	-	29	-
Paraparaumu	92	22	-	114	44
Trentham	231	12	40	283	44
<b>Wellington</b>	<b>448</b>	<b>67</b>	<b>78</b>	<b>593</b>	<b>88</b>
Nelson	214	-	55	269	59
Richmond	51	-	-	51	-
<b>Nelson-Tasman</b>	<b>265</b>	<b>-</b>	<b>55</b>	<b>320</b>	<b>59</b>
Avonhead	73	-	-	73	-
Casebrook	151	-	76	227	43
Wigram	159	-	53	212	49
<b>Christchurch</b>	<b>383</b>	<b>-</b>	<b>129</b>	<b>512</b>	<b>92</b>
Dunedin	61	20	20	101	42
<b>Otago</b>	<b>61</b>	<b>20</b>	<b>20</b>	<b>101</b>	<b>42</b>
<b>Total</b>	<b>3,016</b>	<b>518</b>	<b>691</b>	<b>4,225</b>	<b>901</b>

# Future development



Largest NZ retirement village operator land bank, with 4,801 retirement units

Land bank – as at 30 June 2020					
Village	Villas	Apartments	Serviced & memory care apartments	Total retirement units	Total care beds
Whangarei	214	-	76	290	43
<b>Northland</b>	<b>214</b>	<b>-</b>	<b>76</b>	<b>290</b>	<b>43</b>
Ellerslie	4	75	-	79	-
Hobsonville	38	-	-	38	-
Milldale	105	117	76	298	43
Parnell	-	216	100	316	-
St Johns	-	225	73	298	30
<b>Auckland</b>	<b>147</b>	<b>633</b>	<b>249</b>	<b>1,029</b>	<b>73</b>
Papamoa	211	-	76	287	43
<b>Bay of Plenty</b>	<b>211</b>	<b>-</b>	<b>76</b>	<b>287</b>	<b>43</b>
Cambridge	207	-	76	283	43
Rototuna	60	-	76	136	43
<b>Waikato</b>	<b>267</b>	<b>-</b>	<b>152</b>	<b>419</b>	<b>86</b>
Bell Block	222	-	76	298	43
<b>Taranaki</b>	<b>222</b>	<b>-</b>	<b>76</b>	<b>298</b>	<b>43</b>
Te Awa	241	-	76	317	43
<b>Hawke's Bay</b>	<b>241</b>	<b>-</b>	<b>76</b>	<b>317</b>	<b>43</b>
Kenepuru	85	48	106	239	43
Lower Hutt	46	109	66	221	30
Waikanae	213	-	76	289	43
<b>Wellington</b>	<b>344</b>	<b>157</b>	<b>248</b>	<b>749</b>	<b>116</b>

# Future development (cont'd)



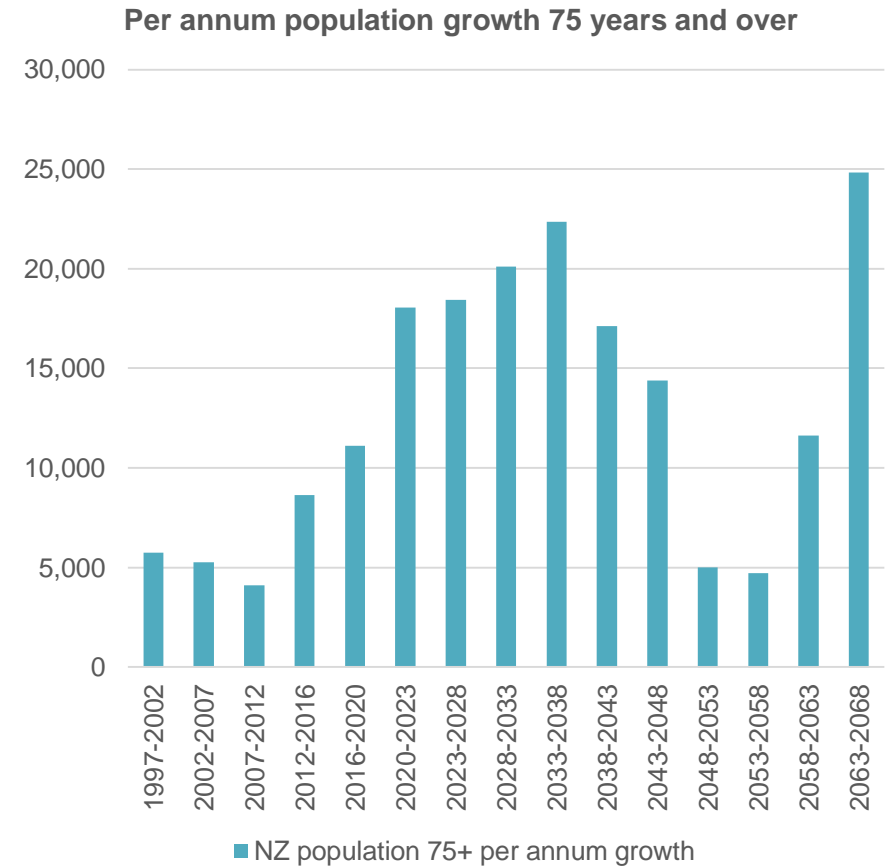
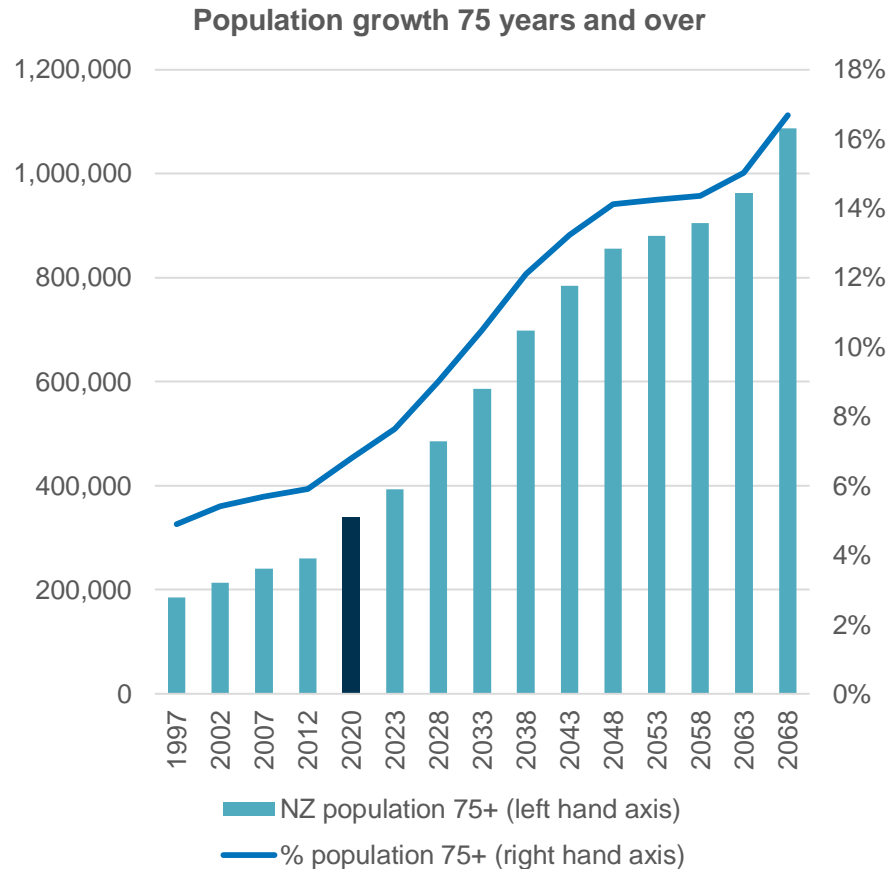
Largest NZ retirement village operator land bank, with 4,801 retirement units

Land bank – as at 30 June 2020					
Village	Villas	Apartments	Serviced & memory care apartments	Total retirement units	Total care beds
Richmond	183	-	76	259	43
<b>Nelson-Tasman</b>	<b>183</b>	<b>-</b>	<b>76</b>	<b>259</b>	<b>43</b>
Blenheim	136	-	80	216	20
<b>Marlborough</b>	<b>136</b>	<b>-</b>	<b>80</b>	<b>216</b>	<b>20</b>
Avonhead	92	-	99	191	43
Casebrook	119	-	-	119	-
Rangiora	261	-	76	337	43
Prebbleton	214	-	76	290	43
<b>Canterbury</b>	<b>686</b>	<b>-</b>	<b>251</b>	<b>937</b>	<b>172</b>
<b>Total NZ</b>	<b>2,651</b>	<b>790</b>	<b>1,360</b>	<b>4,801</b>	<b>639</b>
Cranbourne North	145	-	50	195	72
Torquay	195	-	50	245	72
<b>Total Australia</b>	<b>340</b>	<b>-</b>	<b>100</b>	<b>440</b>	<b>144</b>
<b>Total Combined</b>	<b>2,988</b>	<b>790</b>	<b>1,460</b>	<b>5,241</b>	<b>783</b>



# Demographics

Population over 75 years forecast to grow 220% from 2020 to 2068



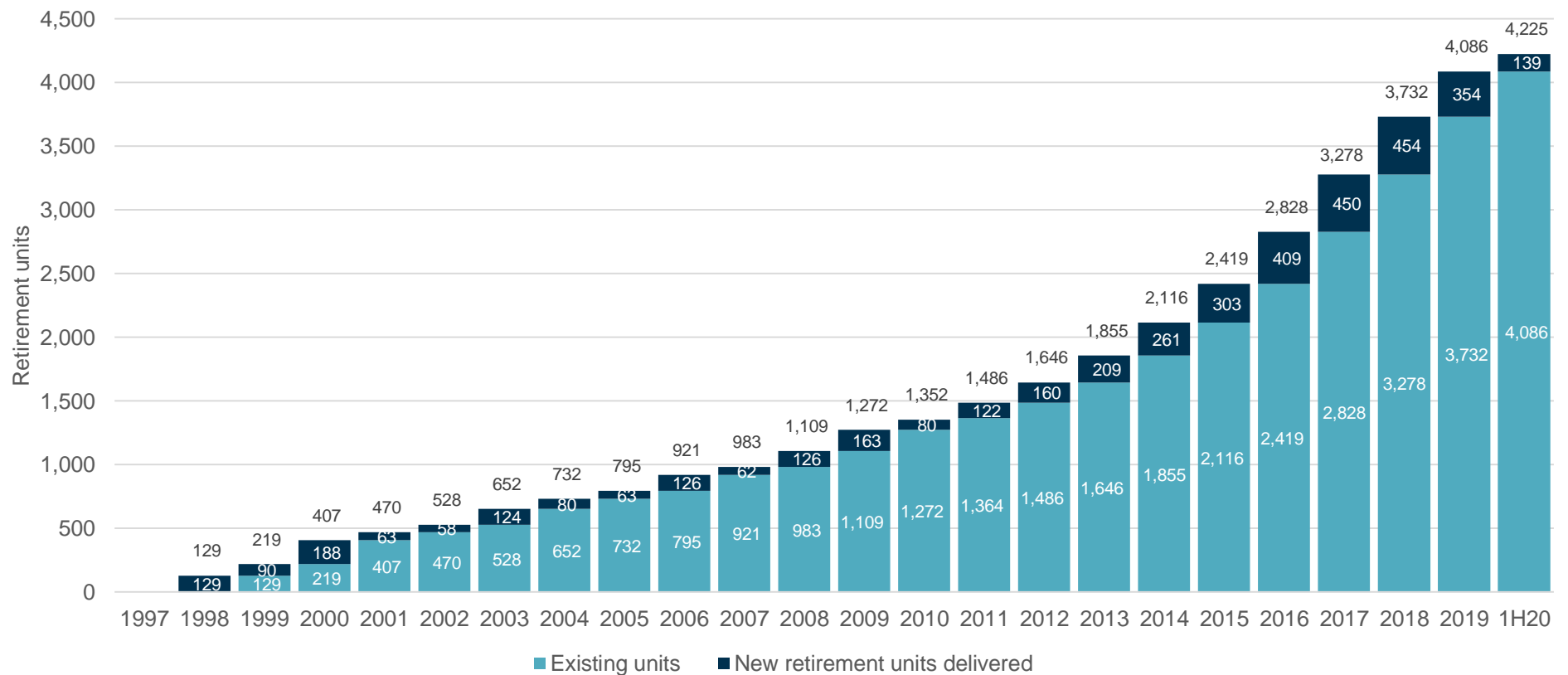
Source: Statistics New Zealand – National Population Projections

# Summerset growth



23 years of consistent delivery and growth

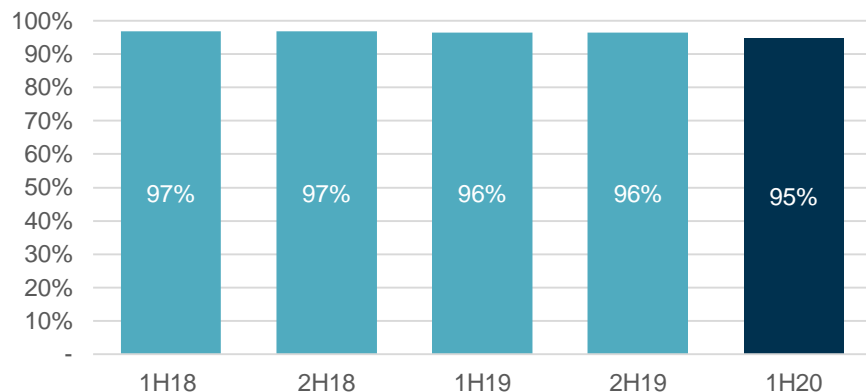
Summerset build rate



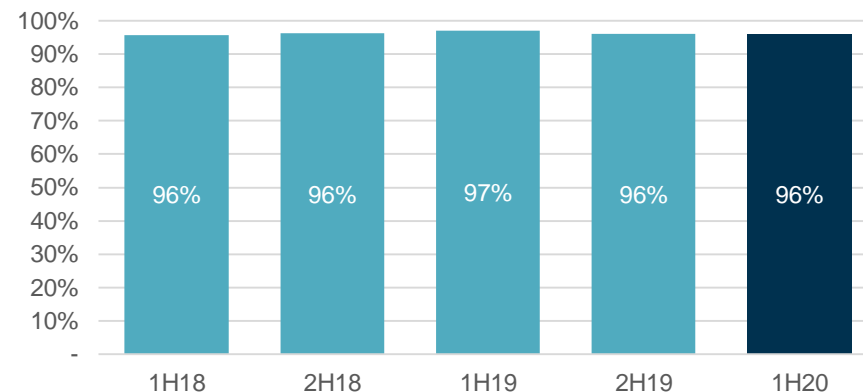
# Customer profile & occupancy

## Occupancy, tenure and resident demographic statistics

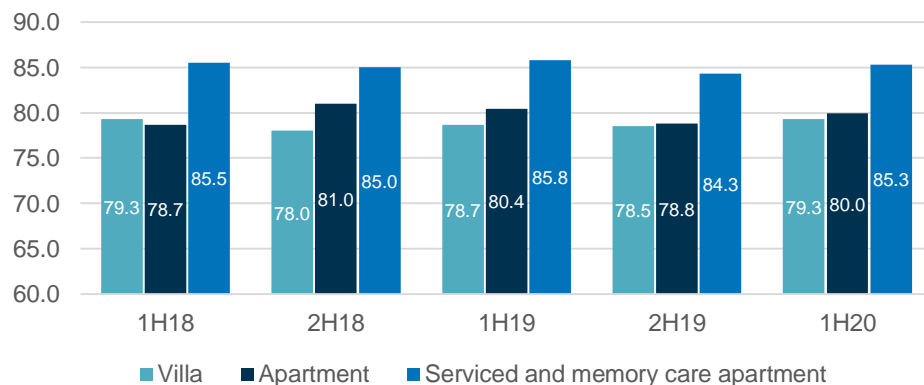
Occupancy - retirement villages



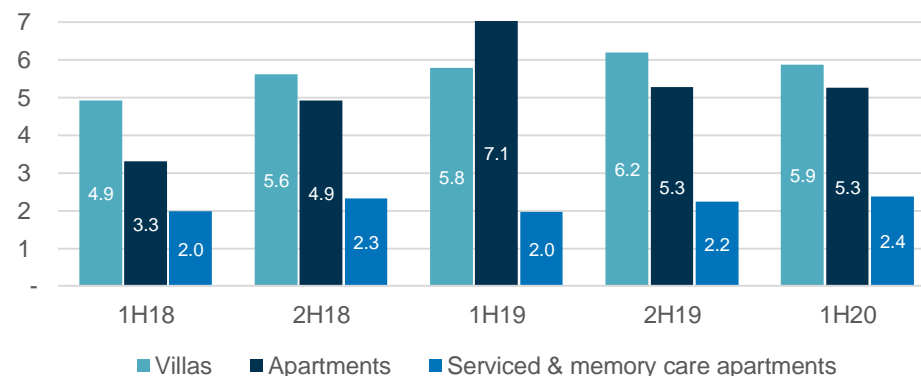
Occupancy - established care centres



Average entry age of residents (years)



Average tenure (years) on resales\*



\* Average tenure has been calculated using the previous resident's occupancy on resales within the reporting period