

Full year results presentation

Full Year Report 2020



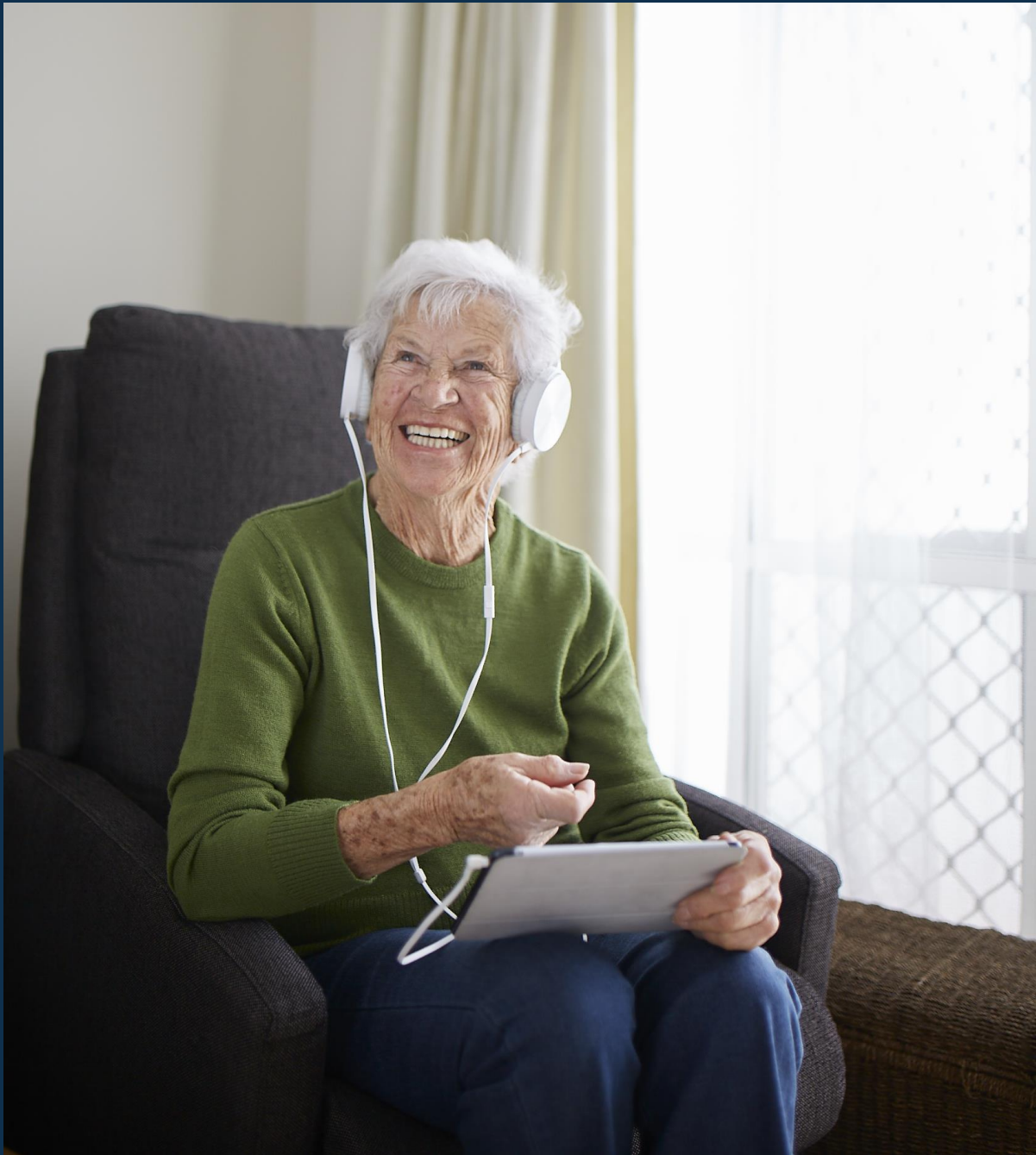
Summerset at Heritage Park

Agenda

- 01 Our highlights
- 02 Strategic update
- 03 Business overview
- 04 Financial results
- 05 Final dividend
- 06 Appendix

Our highlights

FY20



FY20 Summary

Key result highlights

- Continued focus on the COVID-19 pandemic to ensure the safety of our residents and staff
- Underlying profit for FY20 of \$98.3m
- Net profit after tax (NZ IFRS) of \$230.8m, up 32% on FY19
- Operating cash flows of \$266.8m
- Gearing ratio of 32.6%, down from 33.3% at FY19 and underpinned by strong financial discipline across FY20
- Record new and resale settlements of 785 units, up 20% on FY19
- Delivered 356 new units and 79 care beds relative to guidance of 300 to 350 units
- Expect a New Zealand build rate in the range of 500 to 550 units and around 50 care beds in FY21
- Opened three new villages in Papamoa Beach (Tauranga), Te Awa (Napier) and Bell Block (New Plymouth)
- Completed detailed design for our Cranbourne North village in Melbourne. The village will offer a full continuum of care to residents setting us apart from many Australian competitors
- Final dividend of 7.0 cents per share declared



Summerset at Monterey Park

FY20 result snapshot

IFRS net profit after tax of \$230.8m resulting in a 20% growth in company equity



\$98.3m

Underlying profit

FY19 \$106.2m



\$266.8m

Net operating cash flows

FY19 \$237.9m



\$230.8m

Net profit after tax

FY19 \$175.3m



\$3.9b

Total assets

FY19 \$3.3b



32.6%

Gearing ratio

FY19 33.3%



\$1.0b

Retained earnings

FY19 \$837.8m



356

New units
delivered in FY20

FY19 354



785

Sales of occupation
rights

FY19 652



6,171

New Zealand and Australia
land bank (including care)

FY19 6,206

Looking back – Our year in review

A showcase of key events from the past year



January

Earthworks start at St Johns site in Auckland

February

\$20,000 raised by staff and residents for Australian bush fire victims

March

Our next-generation village centre at Casebrook, Christchurch opened
Start of COVID-19 nationwide lockdown

April

Dementia friendly accreditation awarded

May

Construction sites fully back up and running after COVID-19 lockdown

June

New Plymouth's Bell Block village launched

Looking back – Our year in review

A showcase of key events from the past year



July

Connect speaker series restarts with our first virtual event

August

University of Otago student Riria Mohi-Dewhirst awarded Summerset's first Waitaha Te Houhou health scholarship
Second COVID-19 lockdown (Auckland)

September

First residents moved into Papamoa Beach village
\$150 million retail bond issue

October

Summerset enters NZ Aged Care Association Awards, winning staff training award
Half Moon Bay purchased in Auckland

November

Lower Hutt resource consent received

December

Rototuna main building opened
First residents moved into Bell Block village
Richmond extension purchased

Strategic update

FY20

8

Our strategy

Summerset builds, owns and operates integrated retirement villages

- 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

Our strategy



Bringing the best of life



Growth

We look for expansion opportunities and returns for our shareholders



Our people

We want to create a great place to work, where our people can thrive



Our customers

We continually improve and enhance our offering to residents



Wellbeing



Innovation



Sustainability

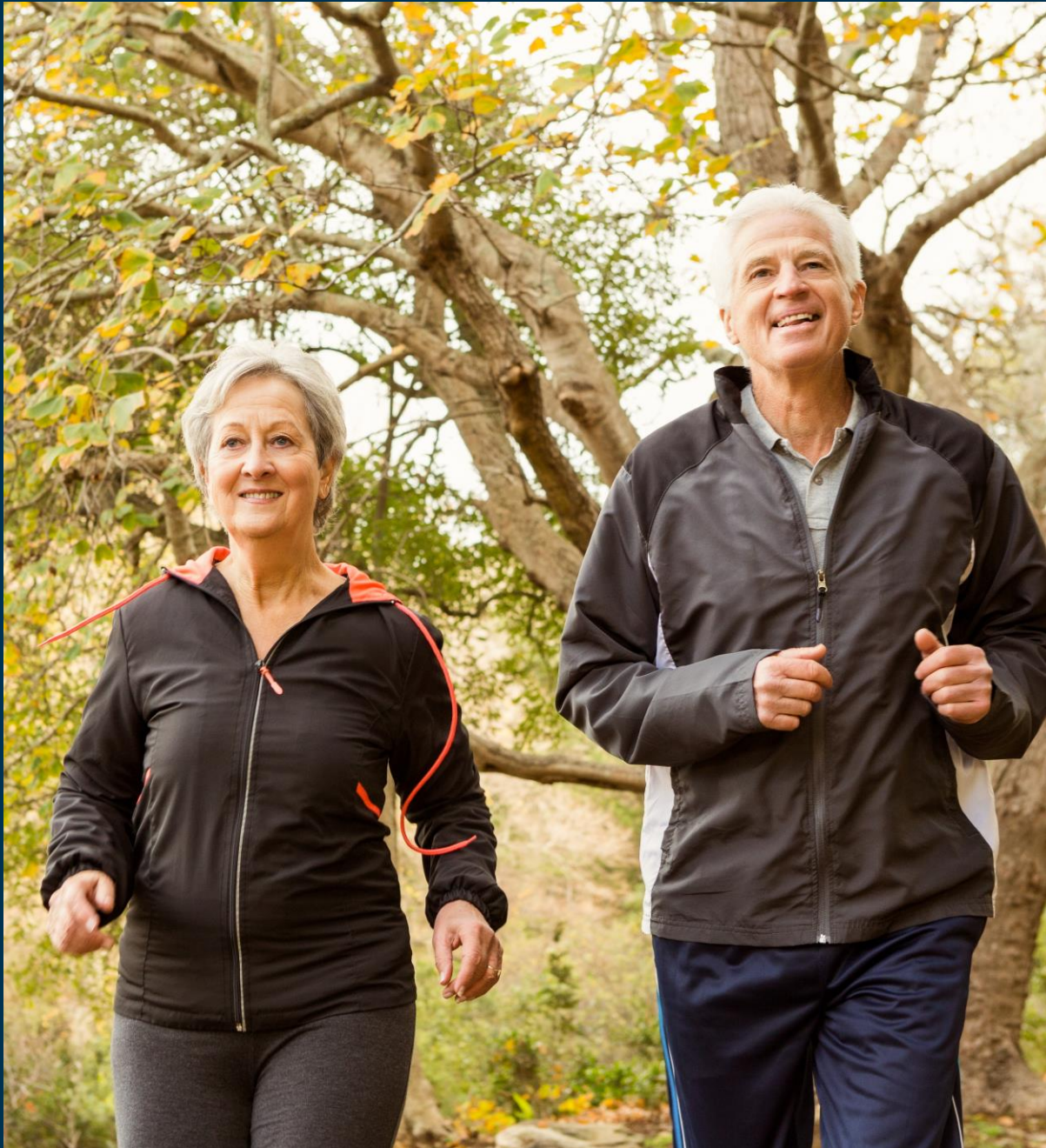
Our strategic goals are underpinned by our desire to bring increased **wellbeing** to our customers and staff, by harnessing the power of **innovation** and weaving **sustainability** into our work

Summerset snapshot

Diversified portfolio throughout New Zealand

- 23 years of consistent delivery and asset growth
- Total assets have grown more than six times since listing on the NZX in 2011
- Portfolio of 4,442 units and 915 care beds, home to more than 6,200 residents
- 32 villages completed or under development
- Opened two new concept main buildings, in Casebrook and Rototuna
- 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 5,612 units and beds (6,171 including Australia)
- Our land bank includes 364 memory care apartments and 499 care suites to be sold under occupation right agreement and 179 premium care beds





Business overview

FY20



Our people

6,200+

Residents

1,800+

Staff members

95%

Village resident satisfaction



Our care

97%

Care resident satisfaction

972

57 care units and 915 care beds in portfolio

1,042

863 care units and 179 care beds in land bank



Our portfolio

4,442

Total units in portfolio

5,992

Units in land bank

\$3.9b

Total assets

COVID-19 update

Prevention of COVID-19 remains our focus

- Our priority throughout 2020 was on keeping our residents and staff safe from the COVID-19 global pandemic
- New Zealand's effective public health response resulted in zero cases to date in our villages and care centres
- We look forward to the rollout of the COVID-19 immunisation programme, due in 2021
- Summerset invested \$9.2 million into preventative measures to keep residents and staff throughout 2020. This included over \$0.7 million spent on additional personal protective equipment
- Employed over 160 extra staff during lockdown to maintain care levels
- Implemented pay increases for April-May lockdown period for care staff
- Provided security at all village gates to screen visitors
- Required staff and approved visitors to undergo temperature checks and wear face masks
- Increased cleaning regimes and established a safe food delivery service direct to our residents front doors
- We have seen the attraction of our villages enhanced throughout 2020 as prospective residents focused on both security and community, we remain well positioned moving forward



Our residents

Bringing the best of life to residents every day

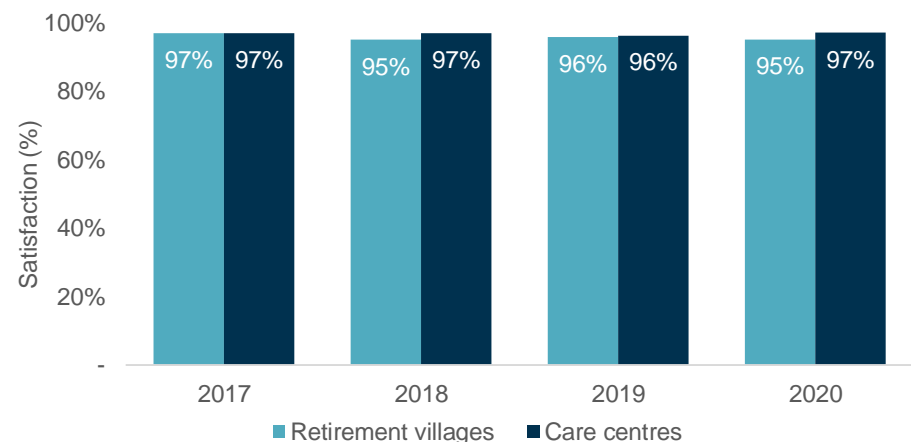
- Our care centres achieved 97% resident satisfaction with 95% for our retirement village residents in our 2020 survey
- Enhanced focus on resident wellbeing, with the development of an online wellness centre to help residents stay healthy and mentally active
- Introduced our signature fitness programme designed specifically for over-70's and accredited as a falls prevention class by the Ministry of Health and ACC
- Continued our 3-year partnership with Dementia NZ
- 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
- Held our second series of 'Understanding Dementia' talks and imported New Zealand's first Tovertafel – an interactive lightshow providing stimulation for people with cognitive impairments
- Continued our popular speaker series which included Olympic boardsailor Barbara Kendall and comedians Ginette McDonald and Pinky Agnew
- Increased in house food services team to support the consistent delivery of high quality food services to residents and visitors



OUR RESIDENTS

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

Resident satisfaction



Our staff

Significant investment in staff development and training

- Winners of the Training and Staff Development Award at the NZ Aged Care Association Excellence in Care Awards
- Finalist in the HR New Zealand Awards for Talent Acquisition with the winner announced in March 2021
- Launched our Care Centre Manager and Clinical Nurse Lead leadership development programme
- Implemented a Construction Management Mentorship Programme
- Awarded our first Summerset Graduate Nursing Scholarship, in partnership with the University of Otago
- Introduced a new online learning system that provides staff with easy access to user friendly training modules
- Staff engagement increased to 7.8 out of 10 with a participation rate of 86% (up from 7.7 in 2019)
- Positive reduction in staff turnover with retention improving to 82% across FY20, up from 76% in FY19
- Progressed our diversity and inclusion strategy with a three year plan developed and approved by the Board
- Reaccredited for tertiary status in ACC's Accredited Employers Programme, driving our commitment to be leaders in health and safety



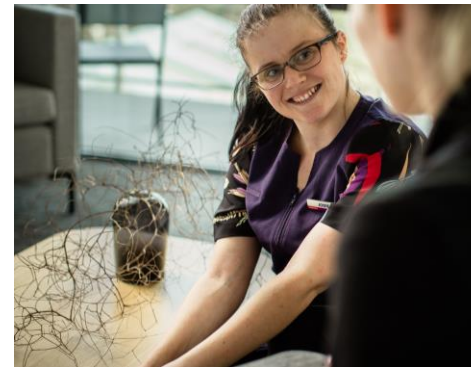
OUR PEOPLE

People are the heart of Summerset. Our values are:

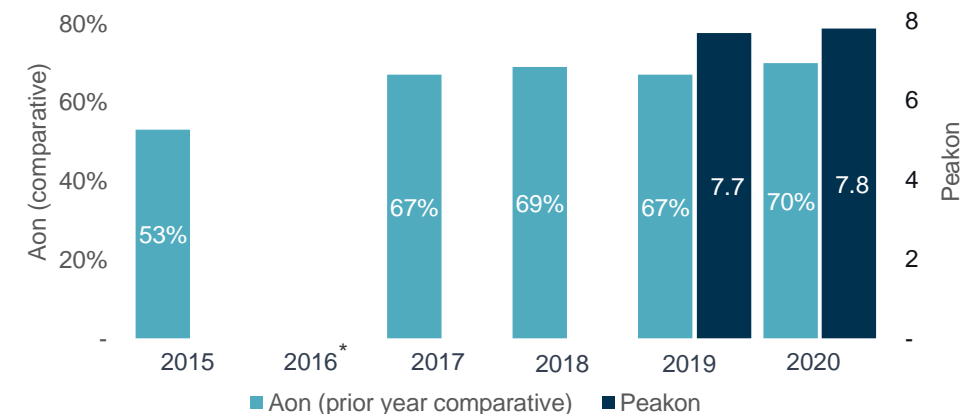
Strong enough to care

One team

Strive to be the best



Staff Engagement



* No survey completed in FY16

Our environment

Environmental performance and sustainability

- Continued to build on our commitment to sustainability throughout 2020
- Achieved an environmental, social and governance rating of AA from Morgan Stanley and submitted a non-scored survey to the Carbon Disclosure Project (CDP)
- Renewed our carbonzero certification with Toitū Envirocare in 2020, are New Zealand's first carbonzero™ certified retirement village operator
- From 2018 our carbon emissions have been independently audited by Toitū Envirocare to the ISO14064-1 standard
- We are the only New Zealand retirement village operator to include resident emissions within our carbon reduction programme
- In FY20 we gained membership to the New Zealand Green Building Council and are a signatory to the Climate Leaders Coalition
- Only retirement village operator to have set a science-aligned carbon reduction target, in line with the Global Paris Agreement, to reduce emissions by 62% by 2032
- We continue to focus on reducing our construction and operations waste and have achieved a 25% reduction in waste per resident going to landfill compared to 2017



OUR ENVIRONMENT

Every day we focus on:
Minimising waste
Increasing energy efficiency
Being more sustainable





Summerset Half Moon Bay (Auckland)



Summerset Richmond Extension (Nelson - Tasman)

Our new sites

One new site and one extension added to our land bank in FY20

- Acquisition of 2.8ha of land in Half Moon Bay to be home to our ninth Auckland village, first in eastern Auckland
- Acquisition of a 1.5ha extension to our highly successful Richmond village in Nelson



Richmond Extension,
Nelson - Tasman



Approximately 34
independent homes



Half Moon Bay,
Auckland



Approximately 274
independent homes



Rest home and
hospital-level care



Memory care centre

Summerset Cranbourne North (Melbourne)



Development - Australia

Substantial investment into growing our Australian team

- Appointed the heads of our design, sales and operations teams for Victoria throughout 2020
- Good progress on our Cranbourne North village:
 - Development approval expected shortly with preliminary earthworks to follow
 - Sales and marketing launch set for March 2021, including a show villa available for prospective residents to view from July 2021
 - Village expected to welcome first residents in late 2021/early 2022
- Summerset has been approved to provide residential aged care and home care services in Australia
- Our villages will offer a full continuum of care in Australia, which sets us apart from many Australian competitors
- We have developed a household model of care with no more than 18 residents in a household
- We continue to monitor COVID-19 developments in Victoria but it has not adversely affected progress to date



Summerset Richmond Ranges (Richmond)



Summerset on the Landing (Kenepuru, Wellington)

Development - New Zealand

Significant progress in executing our New Zealand development strategy

- Now have a total of 13 villages in construction across nine regions in New Zealand, up from seven in construction in 2018
- Delivered 356 units, two main buildings and 79 care beds in FY20
- Lodged Resource Consent for Blenheim, Cambridge, Parnell, Prebbleton, Rangiora and Waikanae
- Received Resource Consent approval for our Lower Hutt village and plan change approval for Rangiora
- Welcomed our first residents into three new villages at Papamoa Beach (Tauranga), Te Awa (Napier) and Bell Block (New Plymouth)
- Earthworks started on three new villages in Whangarei, St Johns (Auckland) and Lower Hutt
- Progressed final apartment block in Ellerslie, due for completion in early 2021
- Progressed main buildings in Richmond and Avonhead and apartment blocks in Kenepuru, all due for completion in 2021
- Expected FY21 New Zealand build rate of between 500 and 550 units and 50 care beds



Summerset by the Dunes (Papamoa Beach, Tauranga)



Summerset Palms (Te Awa, Napier)



Summerset at Pohutukawa Place (Bell Block, New Plymouth)



Summerset St Johns (Auckland)



New main building

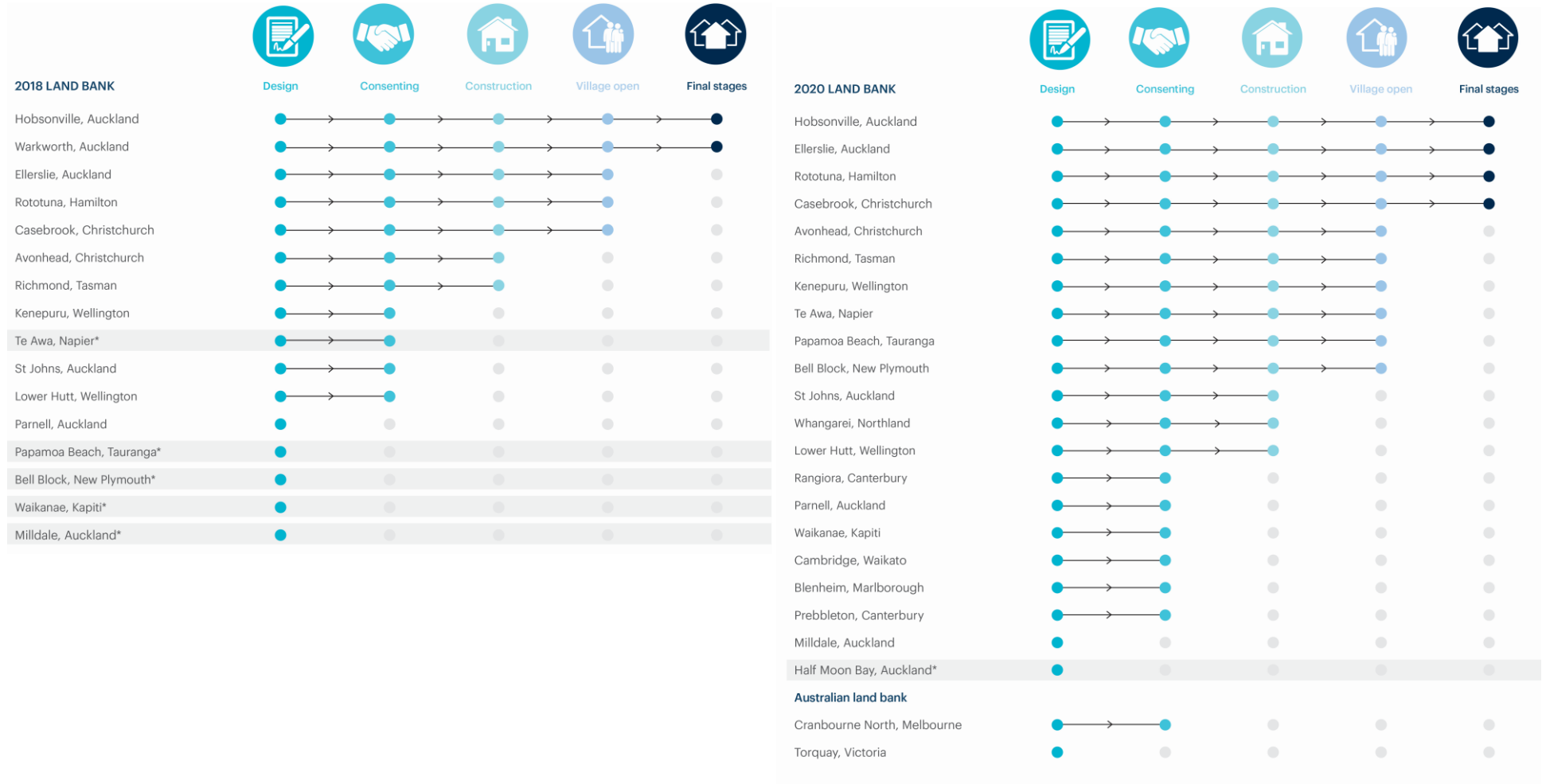
A vibrant community hub that forms the heart of our villages

- Completed two main buildings at our Casebrook and Rototuna villages
- These buildings reflect the evolution of our village centre design and provide a focal point to bring our residents, staff, families and friends together
- At 9,000m² our new main buildings are almost double the size of those in our earlier villages
- They include a state-of-the-art memory care centre for people living with dementia
- The building includes;
 - a fully certified care centre
 - serviced apartments
 - memory care centre
 - swimming pool and gymnasium
 - resident lounges, café, bar and dining rooms
 - library, theatre, hobby room and beauty salon



Development Pipeline (2018 to 2020)

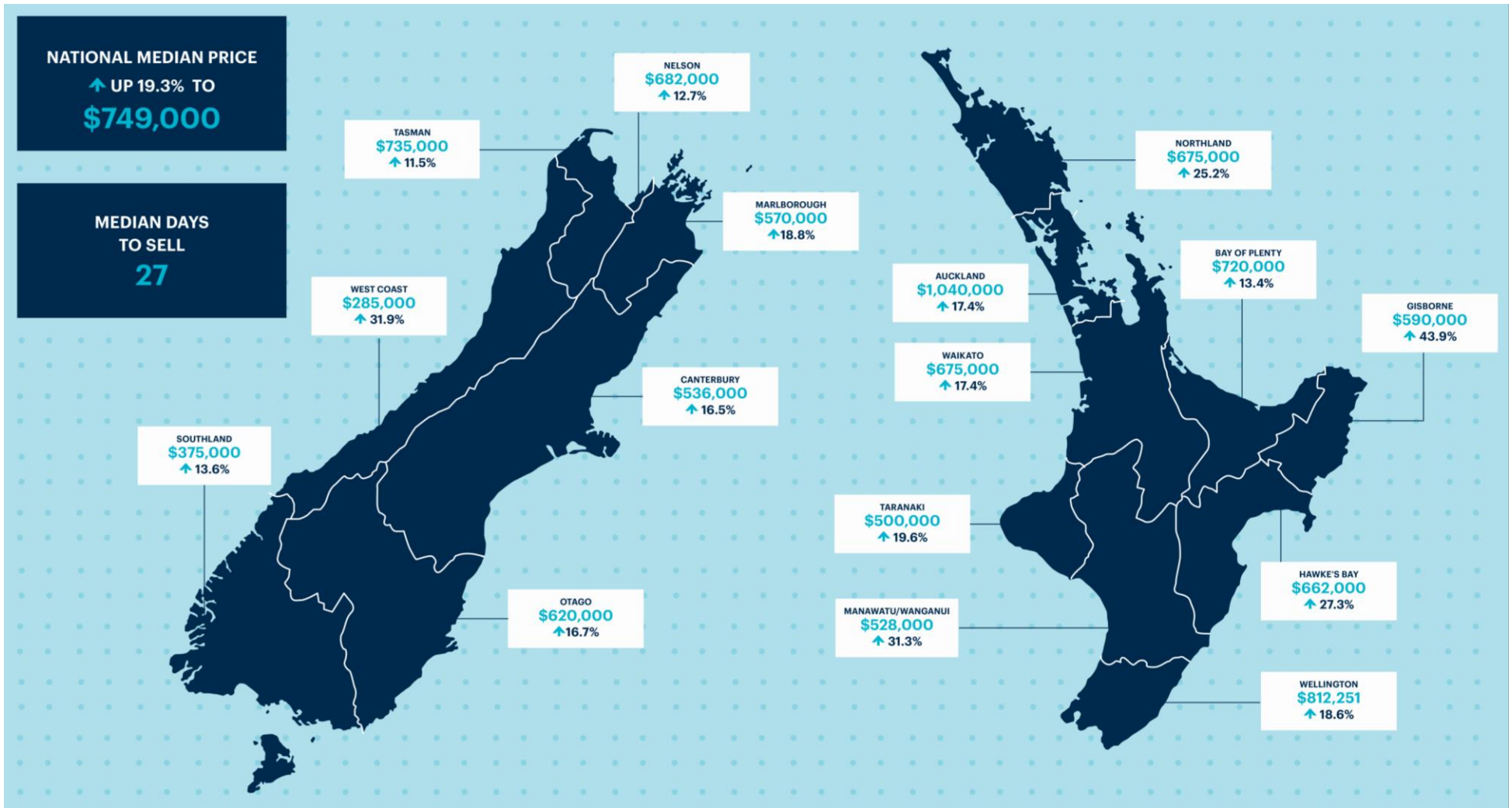
Diversified development pipeline has grown from 16 sites in FY18 to 23 sites in FY20



* New sites purchased

House price inflation

REINZ annual residential house price inflation in New Zealand, national median price \$749k (record), up 19.3%



Retirement unit delivery

Delivered 356 units and 79 care beds in FY20 across nine sites

- 356 total units and 79 care beds were delivered across nine villages in FY20
- FY20 deliveries weighted towards the second half with 154 units (43%) delivered in Q4
- Completed two new main buildings, in Casebrook and Rototuna
- First seven care suites to be sold under ORA delivered as part of the main building in Rototuna
- Opened three new villages with first stages delivered in:
 - Bell Block (New Plymouth)
 - Papamoa Beach (Tauranga)
 - Te Awa (Napier)

356

Total units delivered

79

Care beds delivered

Unit delivery	Villas	Serviced apartments	Memory care apartments	Care suites	Total units*	Care beds
Avonhead	26	-	-	-	26	-
Bell Block	10	-	-	-	10	-
Casebrook	24	56	20	-	100	43
Ellerslie	2	-	-	-	2	-
Kenepuru	10	-	-	-	10	-
Papamoa Beach	21	-	-	-	21	-
Richmond	37	-	-	-	37	-
Rototuna	27	56	20	7	110	36
Te Awa	40	-	-	-	40	-
Total	197	112	40	7	356	79

* Total units include all units to be sold under occupation right agreement

Development margin

Realised development margin of \$48.2m, with a 20% development margin

- Full year realised development margin of \$48.2m
- Development margin of 20% achieved for FY20 and reflective of the following:
 - The settlement of a higher number of serviced and memory care apartments, up 59% on FY19
 - Fewer Auckland settlements and the continued sell down of the final delivered units in our Auckland villages
- Settlements of new occupation rights were around 26% in our Auckland villages relative to FY19 where 50% were in Auckland
- We continue to achieve good margins across our villa stages on all sites
- For FY21, we expect development margins to be at the lower end of our medium term target range of 20% to 25%

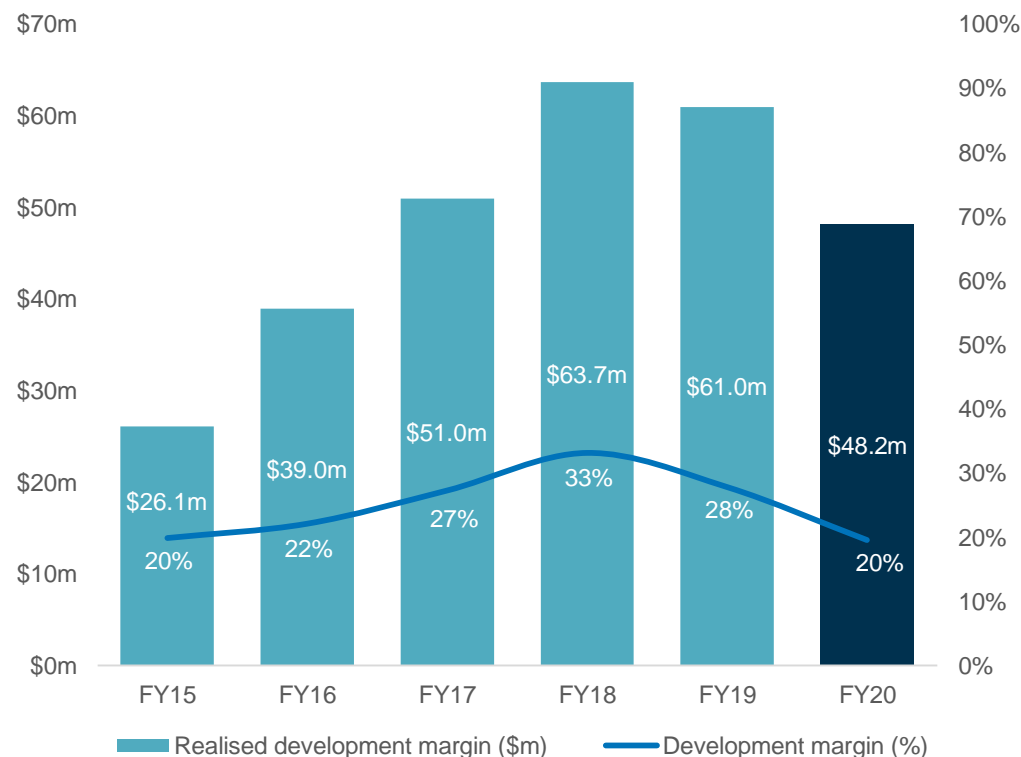
20%

Development margin

\$48.2m

Realised margin

Realised development margin



New sales

404 new sales in the period, record gross proceeds of \$245.4m

- 404 new sales of occupation rights in FY20, up 23% from FY19
- Record gross proceeds of \$245.4m, up 12%
- Average gross proceeds per new sale settlement of \$607k, down from \$665k in FY19 driven by a more balanced delivery of units outside of Auckland
- Strong demand seen in our newly opened villages with first residents moving in to Bell Block (New Plymouth), Papamoa Beach (Tauranga) and Te Awa (Napier) villages

404

New sale of occupation rights

\$245.4m

Gross proceeds

New sales	FY20	FY19	Variance	FY18
Gross proceeds (\$m)	245.4	218.7	12%	192.0
Villas	264	216	22%	235
Apartments	58	62	(6%)	16
Serviced apartments	63	51	24%	87
Memory care apartments	18	-	-	1
Care suites	1	-	-	-
Total occupation rights	404	329	23%	339

New sales stock

Uncontracted stock down 33% from FY19

- Uncontracted new sale stock of 179 units, down from 266 at FY19 (-33%)
- Of the 179 uncontracted stock, 67 (37%) were associated with the delivery of Rototuna's main building in late November
- Uncontracted stock as a percentage of total portfolio is now at the lowest level since 2016
- New sale stock has benefitted from strong sales rates in 2H20, contracted new sale stock now at highest ever levels
- Strong demand seen for villa, apartment and care suite stock with less than 85 delivered units still available for sale across all villages
- A total of 152 serviced and memory care apartments delivered in FY20 across Casebrook and Rototuna

179

Uncontracted stock

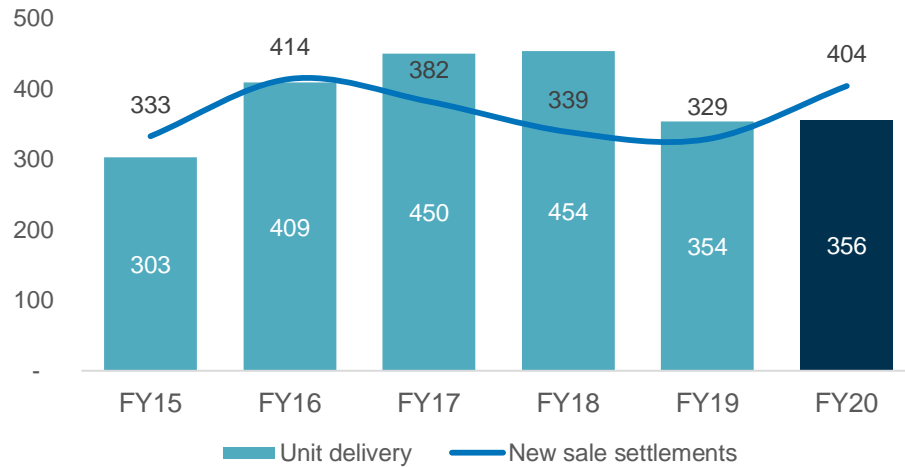
4.0%

Percentage of uncontracted stock

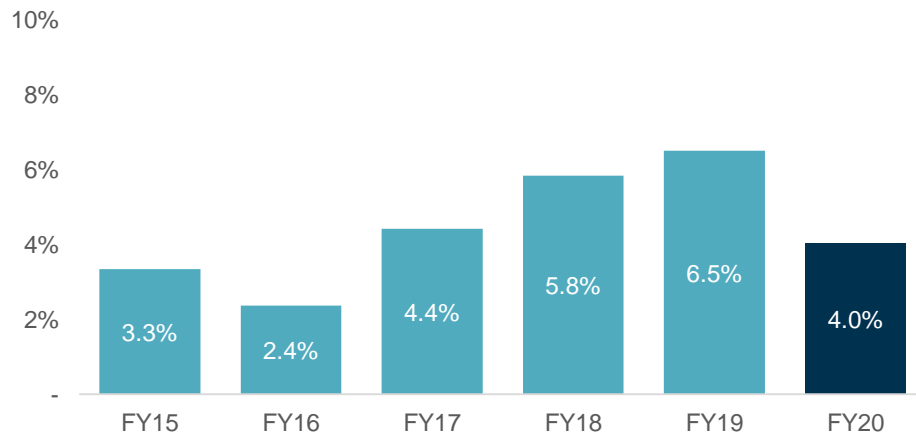
New sales stock	FY20	FY19	FY18
Contracted	117	78	101
Uncontracted	179	266	218
Total new sales stock	296	344	319
Contracted	78	59	45
Uncontracted	61	147	102
Villas	139	206	147
Contracted	20	11	38
Uncontracted	20	87	47
Apartments	40	98	85
Contracted	13	8	18
Uncontracted	76	32	69
Serviced apartments	89	40	87
Contracted	3	-	-
Uncontracted	19	-	-
Memory care apartments	22	-	-
Contracted	3	-	-
Uncontracted	3	-	-
Care suites	6	-	-

New sales performance

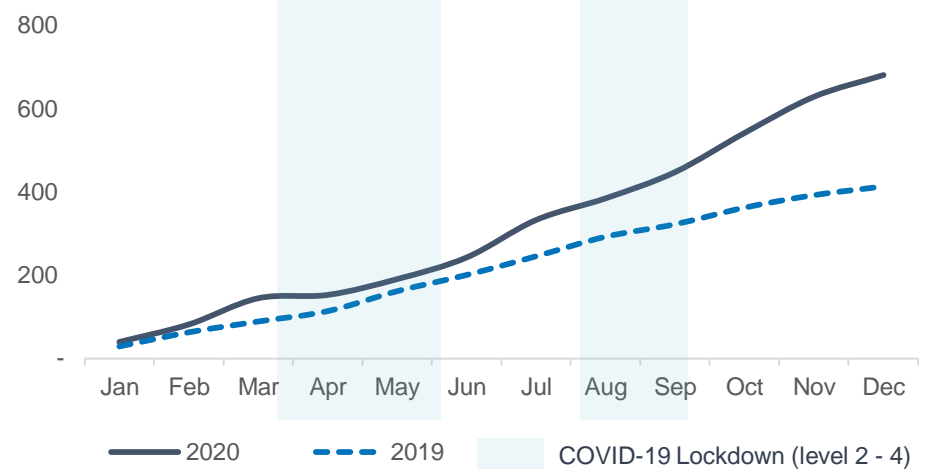
New sale settlements and unit delivery



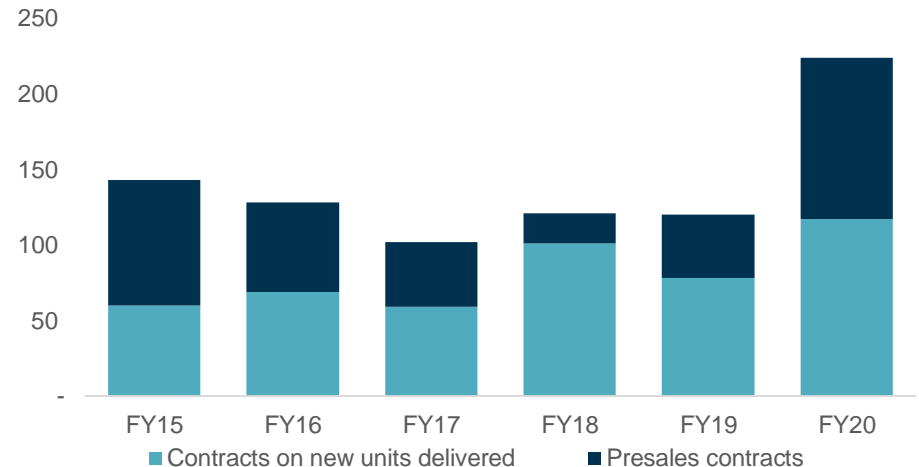
Uncontracted new sales stock as % of portfolio



Annual new sales contracts



Committed new sales pipeline



Resales

Record realised gain of \$46.1m, up 25%

- Resales of 381 occupation rights in FY20, up from 323 in FY19 (18%)
- Record realised resale gain of \$46.1m
- Gross proceeds of \$176.8m, up 23% on FY19
- Average gross proceeds per resale settlement of \$464k, up 4% from \$445k in FY19
- Embedded value of \$199k per unit, as at 31 December 2020, up from \$184k as at 31 December 2019
- Embedded resale gain of \$125k per unit, total embedded resale gain now \$556.9m

381

Resale of occupation rights

\$46.1m

Realised resale gain

Resales	FY20	FY19	Variance	FY18
Gross proceeds (\$m)	176.8	143.7	23%	122.2
Realised resale gains (\$m)	46.1	36.9	25%	28.7
Realised resale gains (%)	26%	26%	1%	24%
DMF realisation (\$m)	24.0	18.9	27%	15.0
Villas	200	173	16%	163
Apartments	46	31	48%	48
Serviced apartments	129	118	9%	87
Memory care apartments	6	1	500%	3
Care Suites	-	-	-	-
Total occupation rights	381	323	18%	301

Resales stock

Available resales stock remain at low levels

- Resales stock remains low with 105 retirement units under contract and 73 retirement units uncontracted at FY20
- Contracted stock has increased from 54 units at FY19 to 105 at FY20, up 94%
- We continue to see strong demand for resale units with available units contracting quickly and contracted resales stock at record levels
- Waitlist numbers continue to increase, up 17% on FY19

73

Uncontracted stock

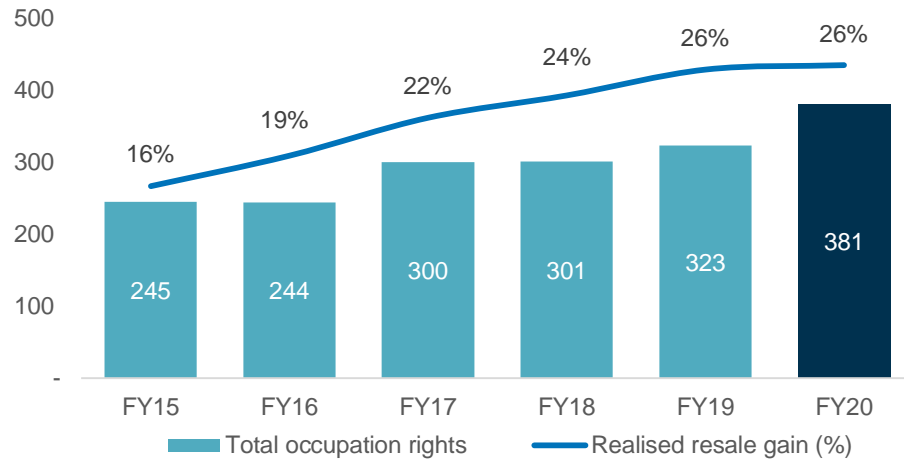
1.6%

Percentage of uncontracted stock

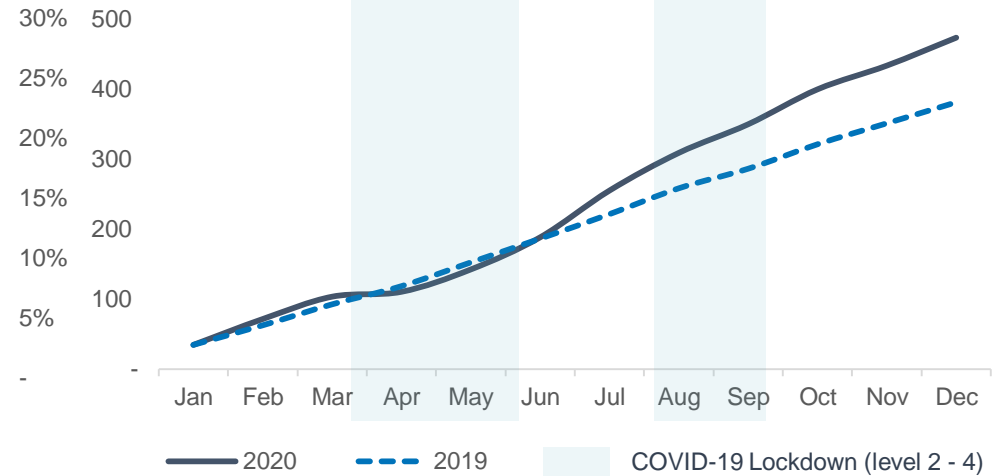
Resales stock	FY20	FY19	FY18
Contracted	105	54	58
Uncontracted	73	78	53
Total resales stock	178	132	111
Contracted	62	29	27
Uncontracted	13	35	33
Villas	75	64	60
Contracted	12	5	6
Uncontracted	18	15	3
Apartments	30	20	9
Contracted	29	20	24
Uncontracted	42	25	17
Serviced apartments	71	45	41
Contracted	2	-	1
Uncontracted	-	3	-
Memory care apartments	2	3	1
Contracted	-	-	-
Uncontracted	-	-	-
Care suites	-	-	-

Resales performance

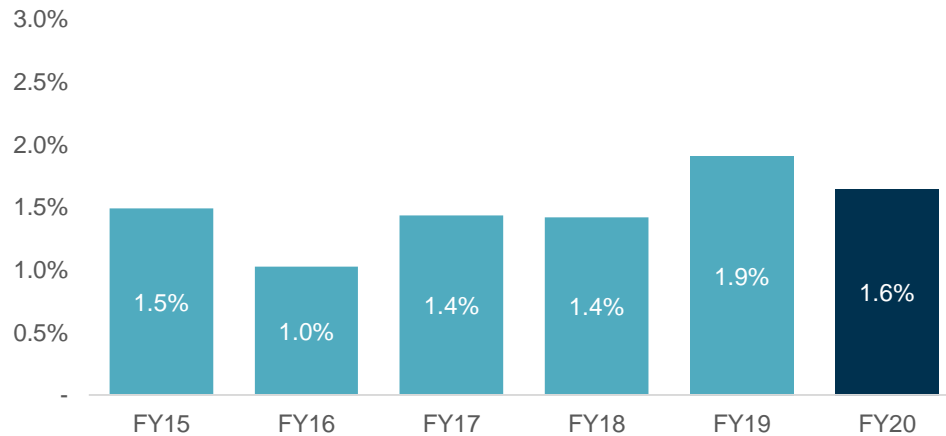
Realised resale gain and volume



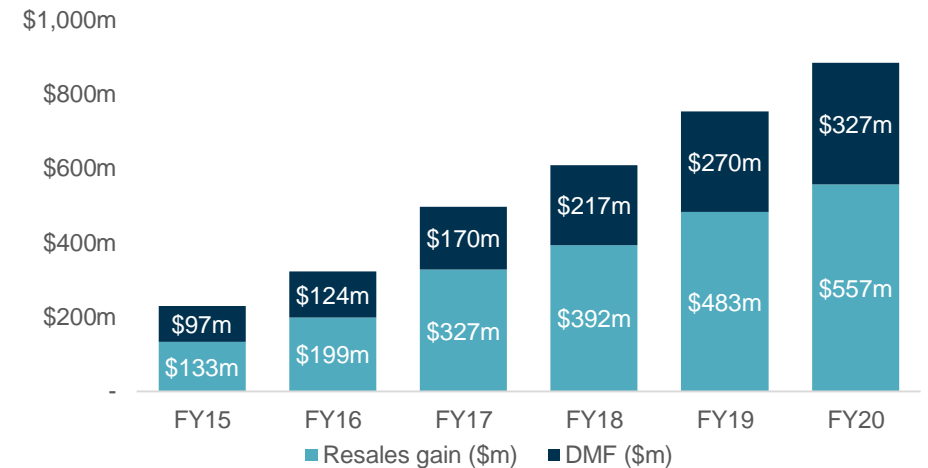
Annual resales contracts



Uncontracted resales stock as % of portfolio



Embedded value



Financial results

FY20

32



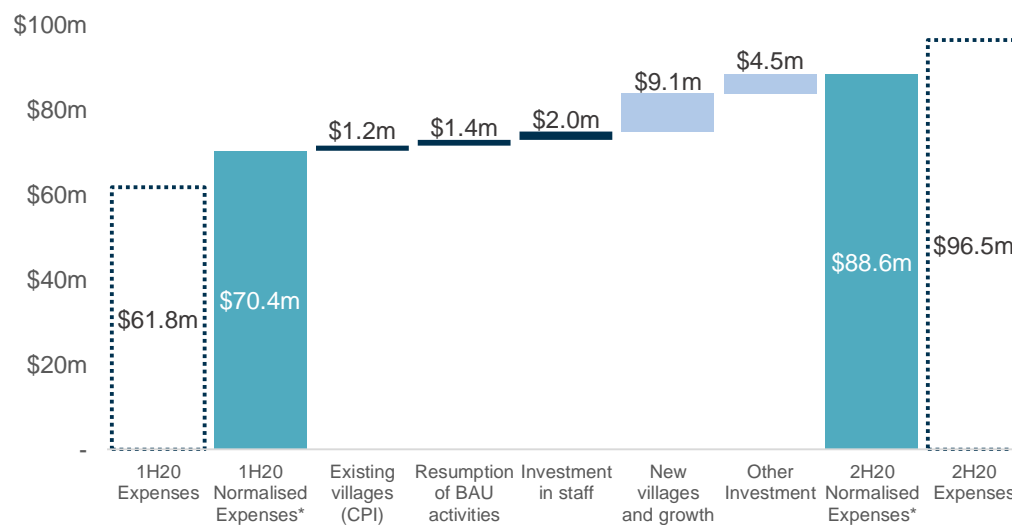
Summerset Falls

Reported profit (IFRS)

- IFRS NPAT of \$230.8m, up 32% on FY19
- Fair value movement of investment property of \$221.1m, including \$66.7m from new unit deliveries
- Total revenue of \$172.4m, up 12% relative to FY19
- Total expenses of \$158.3m include the following:
 - \$9.2m on response to COVID-19 pandemic, including \$0.8m on PPE equipment
 - \$9.5m relating to the opening of three new villages and the continued sell down of our developing sites
 - \$4.1m on previously signalled wage increases for all village and care staff
- Net finance costs underpinned by movement in market interest rates, the issuance of our third bond and increased capitalisation to construction projects

NZ\$m	FY20	FY19	Variance	FY18
Total revenue	172.4	153.9	12%	137.0
Fair value movement of investment property	221.1	165.3	34%	209.9
Total income	393.6	319.2	23%	346.9
Total expenses	158.3	130.2	22%	119.1
Net finance costs	13.5	15.4	(12%)	11.6
Net profit before tax	221.7	173.6	28%	216.2
Tax expense / (credit)	(9.0)	(1.7)	432%	1.7
Net profit after tax	230.8	175.3	32%	214.5

Movement in total expenses: 1H20 vs 2H20



* Normalised expenses excludes impact of wage and MOH subsidies

Fair value movement

- FY20 fair value movement of \$221.1m, up 33.8% on FY19
- Fair value movement has been driven by:
 - Unit pricing (\$76.6m): reflecting the tailwinds seen in the residential property market across the second half of 2020
 - New units built (\$66.7m): value of new units delivered in FY20
 - Growth rates (\$34.4m) and discount rates (\$5.3m): Changes to assumptions used by the valuers. Short term growth rate assumptions remain modest relative to residential housing market indicators
 - Stock discount assumptions. Reversal of previous discount applied to stock settled in FY20 (\$35.4m)
 - Other movements (\$2.7m): Change in all other valuers assumptions
- Refer to the appendices (slide 47 and 48) for key assumptions associated with the investment property valuation

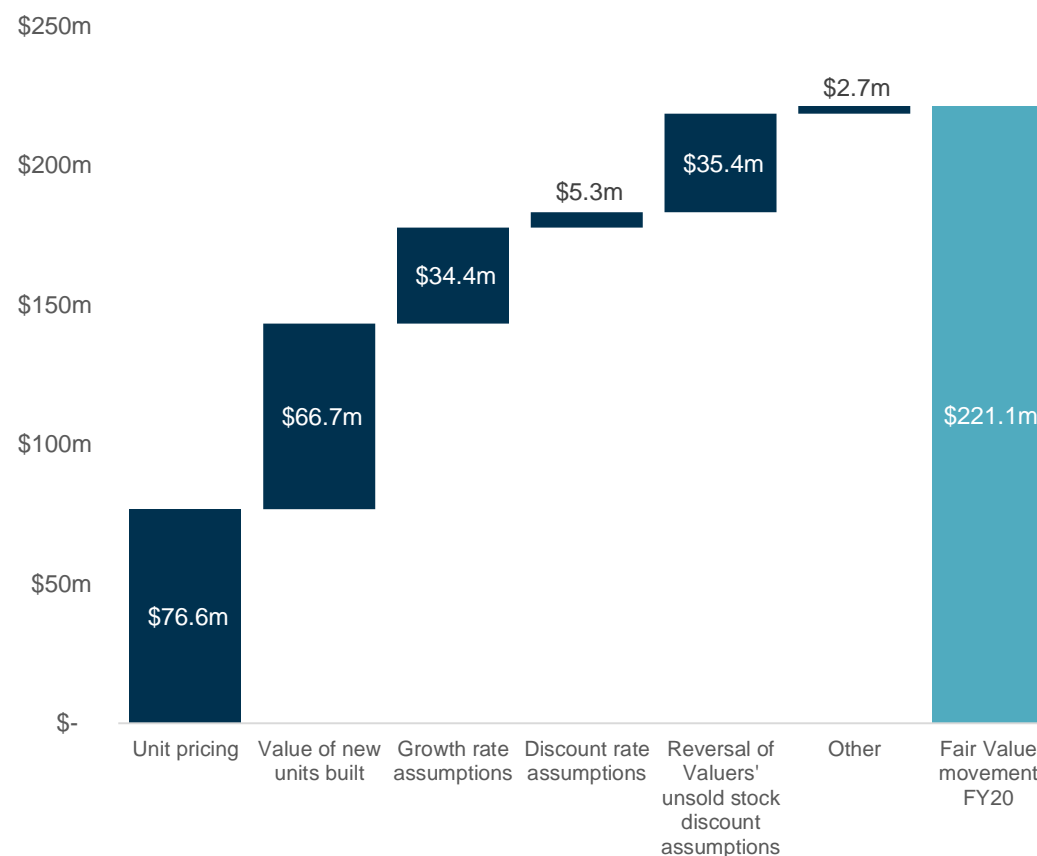
\$221.1m

Fair value movement

33.8%

Increase on FY19 ▲

Fair value movement of investment property FY20



Underlying profit

- Underlying profit of \$98.3m, down 7% on FY19
- This includes expenditure on our response to the COVID-19 pandemic. Excluding this, underlying profit would be \$107.5m, up \$1.3m on FY19
- The result was underpinned by record performance in operating earnings across our core business functions in FY20;
 - Care fees and village services of \$111.6m, up 10%
 - Deferred management fee of \$60.8m, up 16%
 - Realised gain on resales of \$46.1m achieved in FY20, up 25%
- Realised development margin of \$48.2m, reflective of the settlement of more serviced and memory care apartments and fewer Auckland settlements
- Underlying profit has seen an annual compounded increase of 32% since listing on the NZX in 2011

\$98.3m

Underlying profit ▼ 7%

\$9.2m

Additional COVID-19 expenditure

NZ\$m	FY20	FY19	Variance	FY18
Care fees and village services	111.6	101.3	10%	91.2
Deferred management fees	60.8	52.5	16%	45.6
Realised gain on resales	46.1	36.9	25%	28.7
Realised development margin	48.2	61.0	(21%)	63.7
Other income and interest received	0.1	0.2	(76%)	0.2
Total income	266.7	251.8	6%	229.4
Operating expenses	146.8	122.4	20%	112.4
Depreciation and amortisation	8.1	7.8	3%	6.7
Net finance costs	13.5	15.4	(12%)	11.6
Total expenses	168.4	145.6	16%	130.8
Underlying profit	98.3	106.2	(7%)	98.6

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 audited by Ernst & Young. Underlying profit is a measure which the Group uses consistently across reporting periods. Underlying profit is used to determine the dividend pay out to shareholders.

Cash flows

- Net operating cash flows of \$266.8m, up from \$237.9m at FY19
- Net operating business cash flow of \$29.8m, up 5% on FY19 and inclusive of expenditure on COVID-19 response
- Net receipts from resales were up \$17.3m on FY19 driven by uplift in resales margins and volumes
- Investing cash out flows include construction progress on larger commercial buildings to be delivered in FY21, namely:
 - Main buildings in Avonhead and Richmond
 - Apartments in Ellerslie and Kenepuru
- Other investing cash out flows in FY20 primarily reflects our investment in:
 - Upgrading our assist call systems across our villages
 - Fitout of our new Casebrook and Rototuna care centres
 - Additional IT equipment to support staff working from home

\$266.8m

Net operating cash flows

12%

Increase on FY19 ▲

NZ\$m	FY20	FY19	Variance	FY18
Net operating business cash flow	29.8	28.5	5%	30.5
Receipts for residents' loans - new sales	237.0	209.4	13%	187.3
Net operating cash flow	266.8	237.9	12%	217.8
Purchase of land	(43.2)	(57.3)	(25%)	(54.7)
Construction of new IP & care facilities	(245.9)	(248.2)	(1%)	(213.7)
Refurb of existing IP & care facilities	(9.4)	(7.3)	27%	(6.4)
Other investing cash flows	(8.4)	(3.7)	125%	(6.2)
Capitalised interest paid	(11.9)	(10.8)	10%	(9.3)
Net investing cash flow	(318.8)	(327.4)	(3%)	(290.4)
Net proceeds from borrowings	78.5	135.6	(42%)	103.7
Net dividends paid	(19.4)	(19.5)	(1%)	(19.7)
Other financing cash flows	(12.8)	(12.6)	1%	(11.5)
Net financing cash flow	46.3	103.5	(55%)	72.5

Balance sheet

- Total assets of \$3.9b, up 17% on FY19
- Investment property valuation of \$3.6b, up 17% on FY19
- Retained earnings are now \$1.0b, up 24% from \$837.8m at FY19. This continues to positively impact balance sheet strength and company gearing ratios
- Other assets include land and buildings (primarily care centres)
- Care centres were valued as at 31 December 2020 (three yearly cycle)
- Embedded value of \$883.6m, \$199k per unit, as at 31 December 2020, comprised of:
 - \$556.9m resale gains
 - \$326.7m deferred management fees

\$3.9b

Total assets ▲ 17%

\$1.0b

Retained earnings ▲ 24%

NZ\$m	FY20	FY19	Variance	FY18
Investment property	3,639	3,107	17%	2,585
Other assets	254.4	230.9	10%	181.3
Total assets	3,893	3,338	17%	2,766
Residents' loans	1,520	1,328	15%	1,137
Face value of bank loans & bonds*	672.6	587.1	15%	451.5
Other liabilities	345.5	291.3	19%	199.3
Total liabilities	2,538	2,206	15%	1,788
Net assets**	1,355	1,132	20%	978.8
Embedded value	883.6	752.7	17%	609.1
NTA (cents per share)	594.1	502.0	18%	438.4

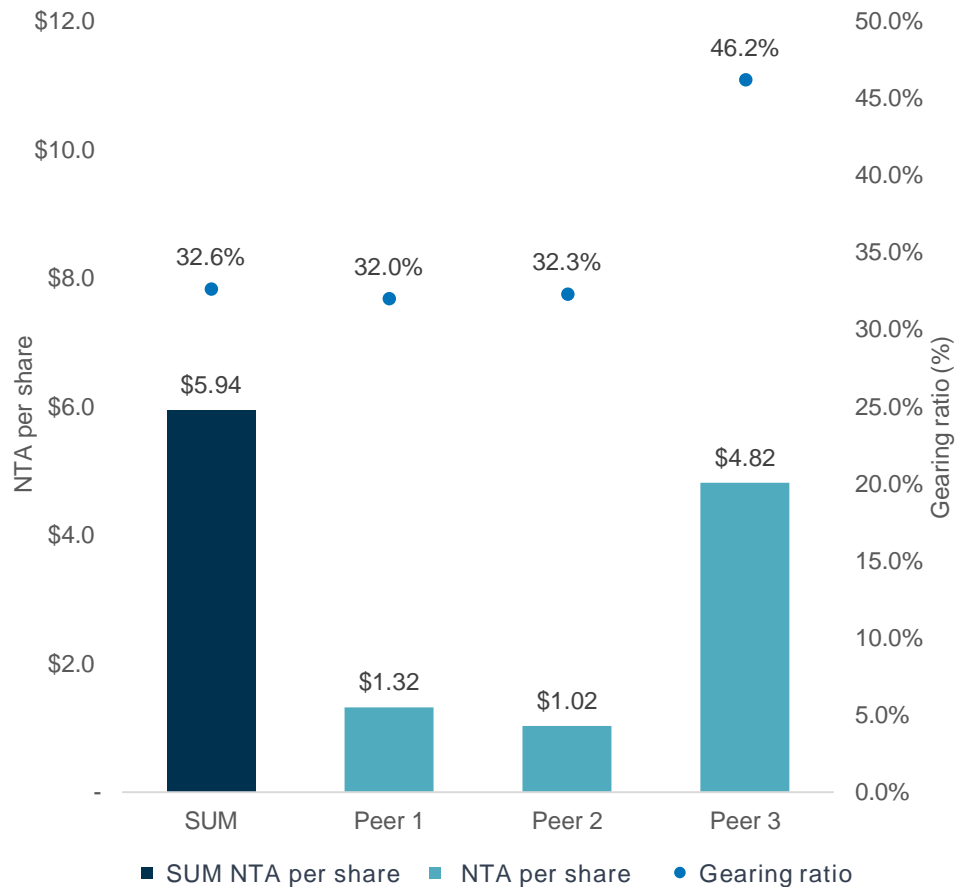
* Face value of drawn bank debt and retail bonds. Excludes capitalised and amortised bond issue costs, and fair value movement on hedged borrowings.

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

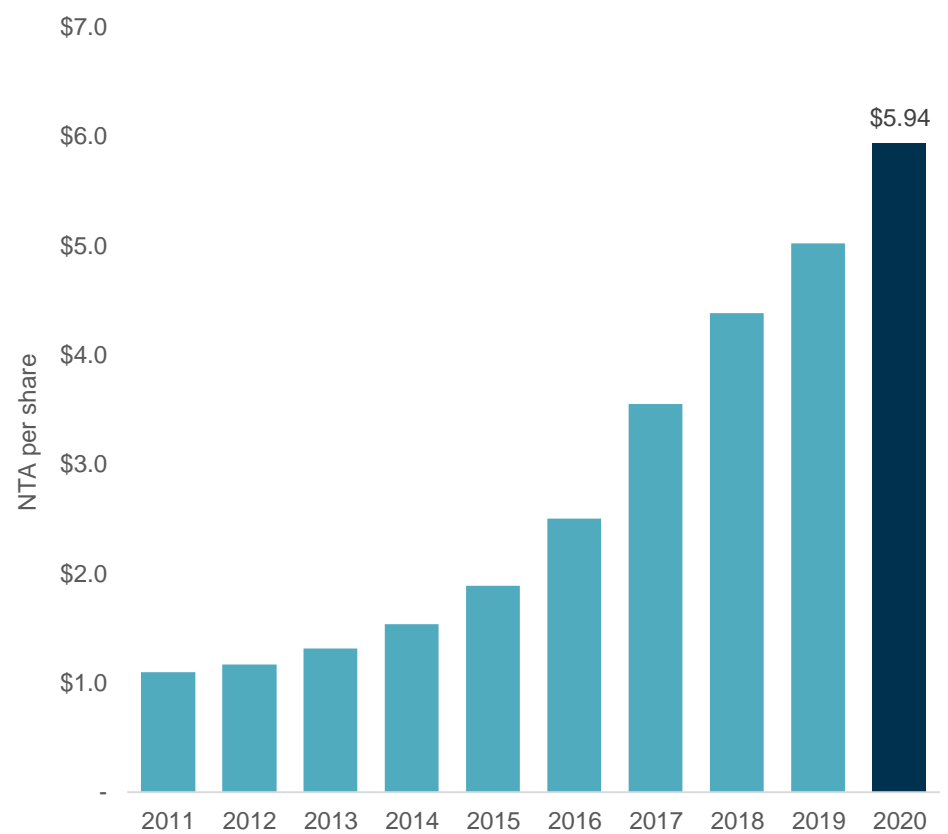
Net tangible assets

Strong financial disciplines underpinning net tangible assets and gearing

Net tangible assets and gearing*



Summerset net tangible assets per share



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

Gearing ratio

- Net debt of \$656.8m* as at 31 December 2020, up \$91.1m on FY19
- Uplift in gross debt driven by land settlements in the period and construction progress on our developing sites
- \$375m of retail bonds and bank facility of approximately \$750m
- Gearing ratio of 32.6%, down from 33.3% at FY19 and underpinned by strong financial discipline across FY20
- Development assets exceed the value of net debt by \$127m, or 19%

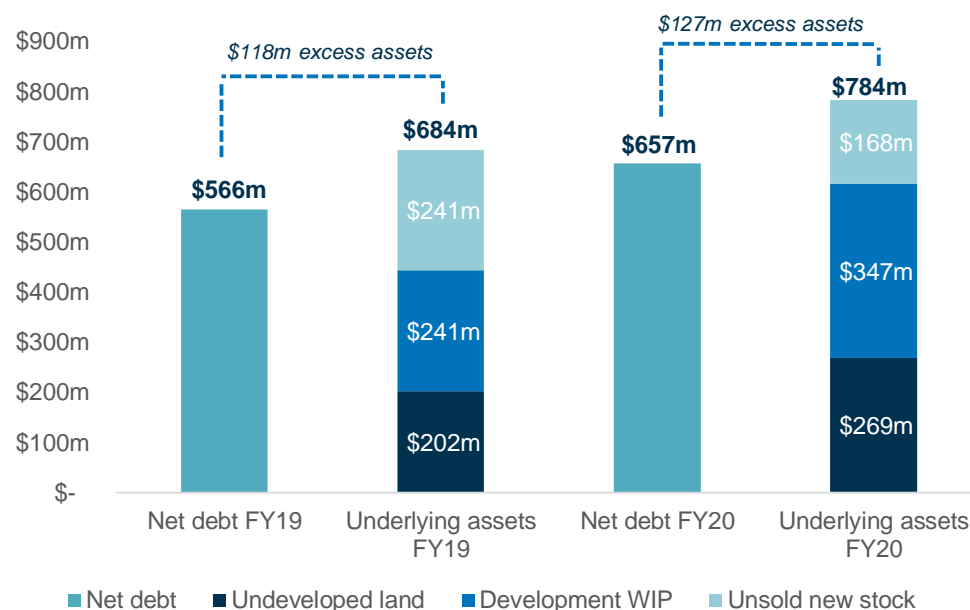
32.6%

Gearing ratio

35.9%

Bank & bond LVR

Net debt to underlying assets – FY20



NZ\$m	FY20	FY19	Variance	FY18
Gearing ratio (%)**	32.6%	33.3%	-2%	31.2%
Bank & bond LVR (%)**	35.9%	35.9%	0%	32.3%

* 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)



Final Dividend

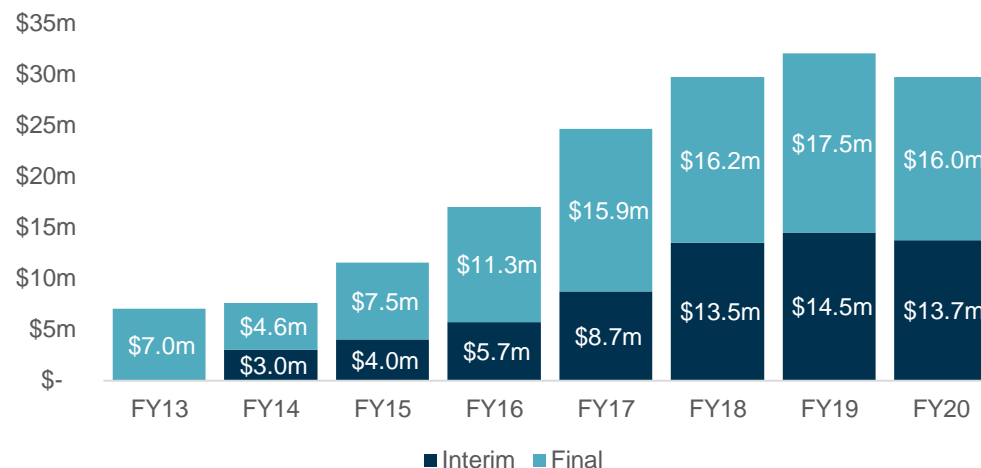
FY20

Final dividend

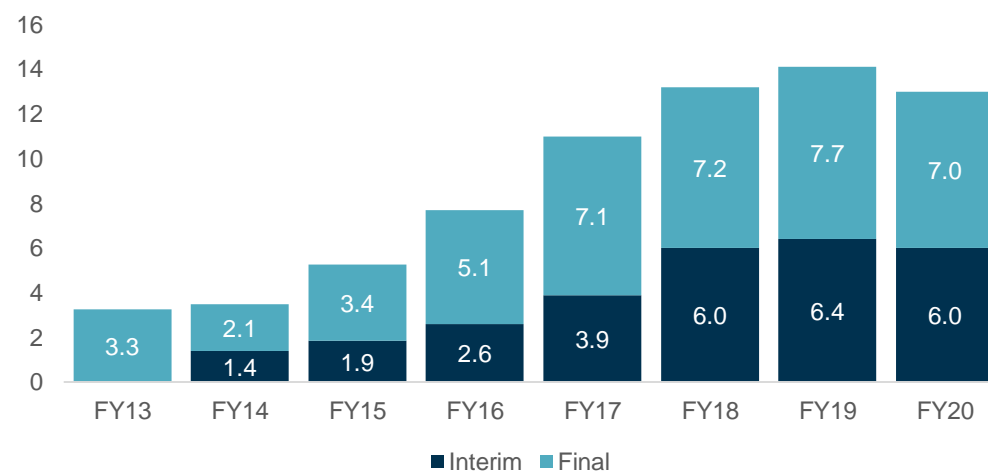
Declared FY20 final dividend of 7.0 cents per share

- The Board has declared an unimputed final dividend of 7.0 cents per share
- This bring total dividends for the 2020 year (interim and final) to 13.0 cents per share
- The dividend reinvestment plan (DRP) will apply to this dividend enabling shareholders to take shares in lieu of the cash dividend
- A discount of 2% will be applied when determining the price per share of shares issued under the DRP
- Eligible investors wishing to take up the DRP must register by 5.30pm NZT on Wednesday 10 March 2021. Any applications received on or after this time will be applied to subsequent dividends
- The final dividend will be paid on Monday 22 March 2021. The record date for final determination of entitlements to the final dividend is Tuesday 9 March 2021
- The dividend policy remains 30% to 50% of underlying profit for the full year period. As previously indicated, dividend payments are likely to continue to be at the bottom end of this range given the growth opportunities present for the business at this time

Dividend payout per year



Dividend per share





Questions

FY20

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



Appendix

FY20

FY20 underlying profit reconciliation

Reconciliation of underlying profit to reported net profit after tax

	FY20	FY19	Variance	FY18
Net profit before tax (IFRS)	221.7	173.6	28%	216.2
Net profit after tax (IFRS)	230.8	175.3	32%	214.5
Add impairment of assets	3.4	-	-	-
Less fair value movement of investment property	(221.1)	(165.3)	34%	(209.9)
Add realised gain on resales	46.1	36.9	25%	28.7
Add realised development margin	48.2	61.0	(21%)	63.7
Add/(less) deferred tax expense/(credit)	(9.0)	(1.7)	432%	1.7
Underlying profit*	98.3	106.2	(7%)	98.6

* 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 audited 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 32%

	Full Year Results	9 Year CAGR*	FY20	FY19	FY18	FY17	FY16	FY11 NZX listed
Operational	New sales of occupation rights	16%	404	329	339	382	414	108
	Resales of occupation rights	13%	381	323	301	300	244	123
	Total sales	15%	785	652	640	682	658	231
	New units delivered**	13%	356	354	454	450	409	122
	Total units in portfolio**	13%	4,442	4,086	3,732	3,278	2,828	1,486
	Care units in portfolio***	13%	972	868	868	816	758	327
Financial (NZ\$m)	Total revenue (\$m)	20%	172.4	153.9	137.0	110.5	86.1	33.7
	Net profit after tax (\$m)	56%	230.8	175.3	214.5	239.9	145.5	4.3
	Underlying profit**** (\$m)	32%	98.3	106.2	98.6	81.7	56.6	8.1
	Net operating cash flow (\$m)	22%	266.8	237.9	217.8	207.7	192.6	43.7
	Total assets (\$m)	23%	3,893	3,338	2,766	2,233	1,707	616.9
	Total equity (\$m)	22%	1,355	1,132	978.8	785.8	545.6	233.4
	Interest bearing loans and borrowings (\$m)	29%	687.1	597.1	452.8	347.2	274.0	69.1
	Cash and cash equivalents (\$m)	-	15.8	21.5	7.5	7.6	8.7	9.0
	Gearing ratio (Net D/ Net D+E)	-	32.6%	33.3%	31.2%	30.2%	32.7%	20.5%
	EPS (cents) (IFRS profit)	52%	102.3	78.6	97.1	109.8	66.9	2.4
	NTA (cents)	21%	594.1	502.0	438.4	355.1	249.9	109.3
	Development margin (%)	-	20%	28%	33%	27%	22%	6%

* Compound annual growth rate

** Units delivered includes retirement units, memory care apartments and care suites

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

**** Underlying profit differs from NZ IFRS reported profit after tax. The measure has been audited by Ernst & Young. Refer to slide 45 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	155.2	3.4	13.50%	2.0%	1.0%	2.0%	2.5%	3.5%
Summerset by the Lake	Taupo	69.3	6.2	15.75%	2.0%	1.0%	2.0%	2.5%	3.5%
Summerset in the Bay	Napier	83.4	9.6	13.75%	3.3%	2.8%	2.5%	2.5%	3.5%
Summerset in the Orchard	Hastings	87.7	7.2	14.75%	3.3%	2.8%	2.5%	2.5%	3.5%
Summerset in the Vines	Havelock North	71.5	8.5	14.50%	3.3%	2.8%	2.5%	2.5%	3.5%
Summerset in the River City	Wanganui	35.6	2.5	16.00%	2.0%	1.0%	1.5%	2.0%	2.5%
Summerset on Summerhill	Palmerston North	54.5	4.8	14.75%	2.0%	1.0%	2.0%	2.5%	3.5%
Summerset by the Ranges	Levin	34.5	3.8	15.75%	2.0%	1.0%	2.0%	2.5%	3.5%
Summerset on the Coast	Paraparaumu	65.1	4.0	14.50%	2.0%	1.0%	2.0%	2.5%	3.5%
Summerset at Aotea	Aotea	112.3	7.1	14.25%	2.0%	1.0%	2.0%	2.5%	3.5%
Summerset in the Sun	Nelson	162.5	13.3	13.75%	2.0%	1.0%	2.0%	2.5%	3.5%
Summerset at Bishopscourt	Dunedin	55.0	4.7	14.75%	2.0%	1.0%	2.0%	3.0%	3.5%
Summerset down the Lane	Hamilton	141.1	5.8	14.00%	2.0%	1.0%	2.0%	2.5%	3.5%
Summerset Mountain View	New Plymouth	79.8	7.3	14.75%	2.0%	1.0%	2.0%	2.5%	3.5%
Summerset Falls	Warkworth	189.2	7.0	14.00%	2.0%	1.0%	2.0%	2.5%	3.5%
Summerset at Karaka	Karaka	188.6	3.9	14.25%	2.0%	1.0%	2.0%	2.5%	3.5%
Summerset at Wigram	Wigram	125.4	4.8	14.50%	2.0%	1.0%	2.0%	3.0%	3.5%
Summerset at the Course	Trentham	177.0	11.5	14.00%	2.0%	1.0%	2.0%	2.5%	3.5%
Summerset by the Sea	Katikati	103.8	7.2	15.00%	2.0%	1.0%	2.0%	2.5%	3.5%
Total for completed villages		1,991	122.6						

* 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	267.0	3.5	14.00%	2.0%	1.0%	2.0%	2.5%	3.5%
Summerset at Heritage Park	Ellerslie	243.9	21.1	15.00%	2.0%	1.0%	2.0%	2.5%	3.5%
Summerset Rototuna	Rototuna	137.5	12.0	15.25%	2.0%	1.0%	2.0%	2.5%	3.5%
Summerset on Cavendish	Casebrook	148.3	21.4	15.25%	2.0%	1.0%	2.0%	3.0%	3.5%
Summerset Richmond Ranges	Richmond	59.0	9.9	16.00%	2.0%	1.0%	2.0%	2.5%	3.5%
Summerset at Avonhead	Avonhead	69.0	2.7	16.00%	2.0%	1.0%	2.0%	3.0%	3.5%
Summerset on the Landing	Kenepuru	46.5	7.5	16.50%	2.0%	1.0%	2.0%	2.5%	3.5%
Summerset Palms	Te Awa	37.7	9.1	16.50%	2.0%	1.0%	2.0%	2.5%	3.5%
Summerset by the Dunes	Papamoa Beach	29.0	5.1	16.50%	2.0%	1.0%	2.0%	2.5%	3.5%
Summerset at Pohutukawa Place	Bell Block	15.8	2.0	16.50%	2.0%	1.0%	2.0%	2.5%	3.5%
Summerset Boulcott	Lower Hutt	14.3	1.4	n/a	n/a	n/a	n/a	n/a	n/a
Summerset St Johns	St Johns	40.7	1.5	n/a	n/a	n/a	n/a	n/a	n/a
Summerset Whangarei	Whangarei	9.5	0.2	n/a	n/a	n/a	n/a	n/a	n/a
Total for villages in development		1,118	97.3						
Total for proposed villages		191.9	1.3						
Total for all villages		3,301	221.1						

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

Care centre valuation

Care centre valuation – key assumptions

Value of care facilities		Total care beds	Value of care facility	Assumed capitalisation rate	Assumed value per equivalent bed**
Village	Location	No.	NZ\$m	%	NZ\$'000
Summerset by the Park	Manukau	54	10.2	11.00%	182.8
Summerset in the Bay	Napier	48	7.7	12.00%	127.4
Summerset in the Vines	Havelock North	45	4.5	12.50%	103.8
Summerset in the River City	Wanganui	37	2.9	13.00%	71.3
Summerset on Summerhill	Palmerston North	44	4.3	13.50%	98.6
Summerset by the Ranges	Levin	41	5.3	13.50%	103.1
Summerset on the Coast	Paraparaumu	44	4.4	13.00%	101.0
Summerset in the Sun	Nelson	59	9.6	12.25%	122.1
Summerset at Bishopscourt	Dunedin	42	6.5	12.50%	130.5
Summerset down the Lane	Hamilton	49	7.8	12.00%	122.9
Summerset Mountain View	New Plymouth	52	7.7	13.50%	118.8
Summerset Falls	Warkworth	41	6.8	12.00%	128.6
Summerset at Karaka	Karaka	50	10.0	12.00%	163.5
Summerset at Wigram	Wigram	49	8.9	11.75%	128.9
Summerset at the Course	Trentham	44	5.4	12.00%	95.1
Summerset by the Sea	Katikati	27	3.6	13.50%	121.1
Summerset at Heritage Park	Ellerslie	58	10.7	11.00%	165.0
Total for existing care facilities		784	116.2		
Summerset at Monterey Park	Hobsonville	52	9.8	11.00%	162.4
Summerset Rototuna	Rototuna	36	8.5	12.00%	116.3
Summerset on Cavendish	Casebrook	43	9.0	12.00%	122.3
Total for new care facilities*		131	27.2		
Total for all villages		915	143.4		

* Built subsequent to the last care centre valuation as at 31 December 2017

** Value includes care beds and associated care profits from serviced and memory care apartments

Portfolio as at 31 December 2020

4,442 total units and 915 care beds

Existing portfolio - as at 31 December 2020							
Village	Villas	Apartments	Serviced apartments	Memory care apartments	Care suites	Care beds	Total units and care beds
Ellerslie	36	144	57	-	-	58	295
Hobsonville	125	73	52	-	-	52	302
Karaka	182	-	59	-	-	50	291
Manukau	89	67	27	-	-	54	237
Warkworth	202	2	44	-	-	41	289
Auckland	634	286	239	-	-	255	1,414
Hamilton	183	-	50	-	-	49	282
Rototuna	142	-	56	20	7	36	261
Taupo	94	34	18	-	-	-	146
Waikato	419	34	124	20	7	85	689
Katikati	156	-	20	-	-	27	203
Papamoa Beach	21	-	-	-	-	-	21
Bay of Plenty	177	-	20	-	-	27	224
Hastings	146	5	-	-	-	-	151
Havelock North	94	28	-	-	-	45	167
Napier	94	26	20	-	-	48	188
Te Awa	40	-	-	-	-	-	40
Hawke's Bay	374	59	20	-	-	93	546
Bell Block	10	-	-	-	-	-	10
New Plymouth	108	-	40	-	-	52	200
Taranaki	118	-	40	-	-	52	210

Portfolio as at 31 December 2020

4,442 total units and 915 care beds

Existing portfolio - as at 31 December 2020							
Village	Villas	Apartments	Serviced apartments	Memory care apartments	Care suites	Care beds	Total units and care beds
Levin	64	22	-	10	-	41	137
Palmerston North	90	12	-	-	-	44	146
Wanganui	70	18	12	-	-	37	137
Manawatu-Wanganui	224	52	12	10	-	122	420
Aotea	96	33	38	-	-	-	167
Kenepuru	39	-	-	-	-	-	39
Paraparaumu	92	22	-	-	-	44	158
Trentham	231	12	40	-	-	44	327
Wellington	458	67	78	-	-	88	691
Nelson	214	-	55	-	-	59	328
Richmond	68	-	-	-	-	-	68
Nelson-Tasman	282	-	55	-	-	59	396
Avonhead	86	-	-	-	-	-	86
Casebrook	158	-	56	20	-	43	277
Wigram	159	-	53	-	-	49	261
Christchurch	403	-	109	20	-	92	624
Dunedin	61	20	20	-	-	42	143
Otago	61	20	20	-	-	42	143
Total	3,150	518	717	50	7	915	5,357

Future development

Largest New Zealand land bank for a retirement village operator of 5,612 units and beds

Landbank – as at 31 December 2020							
Village	Villas	Apartments	Serviced apartments	Memory care apartments	Care suites	Care beds	Total units and care beds
Whangarei	217	-	60	20	27	7	331
Northland	217	-	60	20	27	7	331
Ellerslie	2	74	-	-	-	-	76
Half Moon Bay	-	224	50	20	48	-	342
Hobsonville	38	-	-	-	-	-	38
Milldale	103	120	60	20	27	7	337
Parnell	-	216	36	20	44	-	316
St Johns	-	225	73	-	30	-	328
Auckland	143	859	219	60	149	7	1,437
Papamoa Beach	190	-	60	20	27	7	304
Bay of Plenty	190	-	60	20	27	7	304
Cambridge	260	-	60	20	27	7	374
Rototuna	46	-	-	-	-	-	46
Waikato	306	-	60	20	27	7	420
Bell Block	212	-	60	20	27	7	326
Taranaki	212	-	60	20	27	7	326
Te Awa	201	-	56	20	14	29	320
Hawke's Bay	201	-	56	20	14	29	320
Kenepuru	73	48	86	20	14	29	270
Lower Hutt	46	109	56	10	24	-	245
Waikanae	217	-	60	20	27	7	331
Wellington	336	157	202	50	65	36	846

Future development

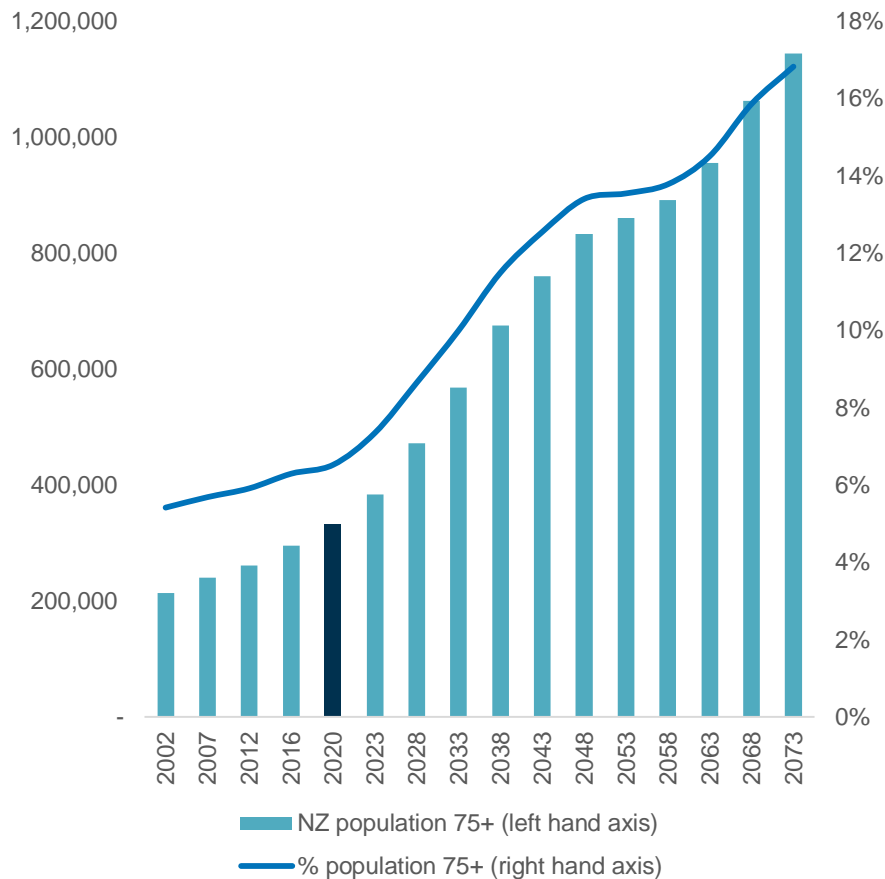
Largest New Zealand land bank for a retirement village operator of 5,612 units and beds

Landbank – as at 31 December 2020							
Village	Villas	Apartments	Serviced apartments	Memory care apartments	Care suites	Care beds	Total units and care beds
Richmond	200	-	56	20	14	29	319
Nelson-Tasman	200	-	56	20	14	29	319
Blenheim	148	-	61	20	27	7	263
Marlborough	148	-	61	20	27	7	263
Avonhead	79	-	79	20	14	29	221
Casebrook	112	-	-	-	-	-	112
Rangiora	261	-	60	20	27	7	375
Prebbleton	224	-	60	20	27	7	338
Canterbury	676	-	199	60	68	43	1,046
Total NZ	2,629	1,016	1,033	310	445	179	5,612
Cranbourne North	145	-	50	36	36	-	267
Torquay	203	-	53	18	18	-	292
Total Australia	348	-	103	54	54	-	559
Total NZ and Australia	2,977	1,016	1,136	364	499	179	6,171

Demographics

Population over 75 years forecast to grow 245% from 2020 to 2073

Population growth 75 years and over



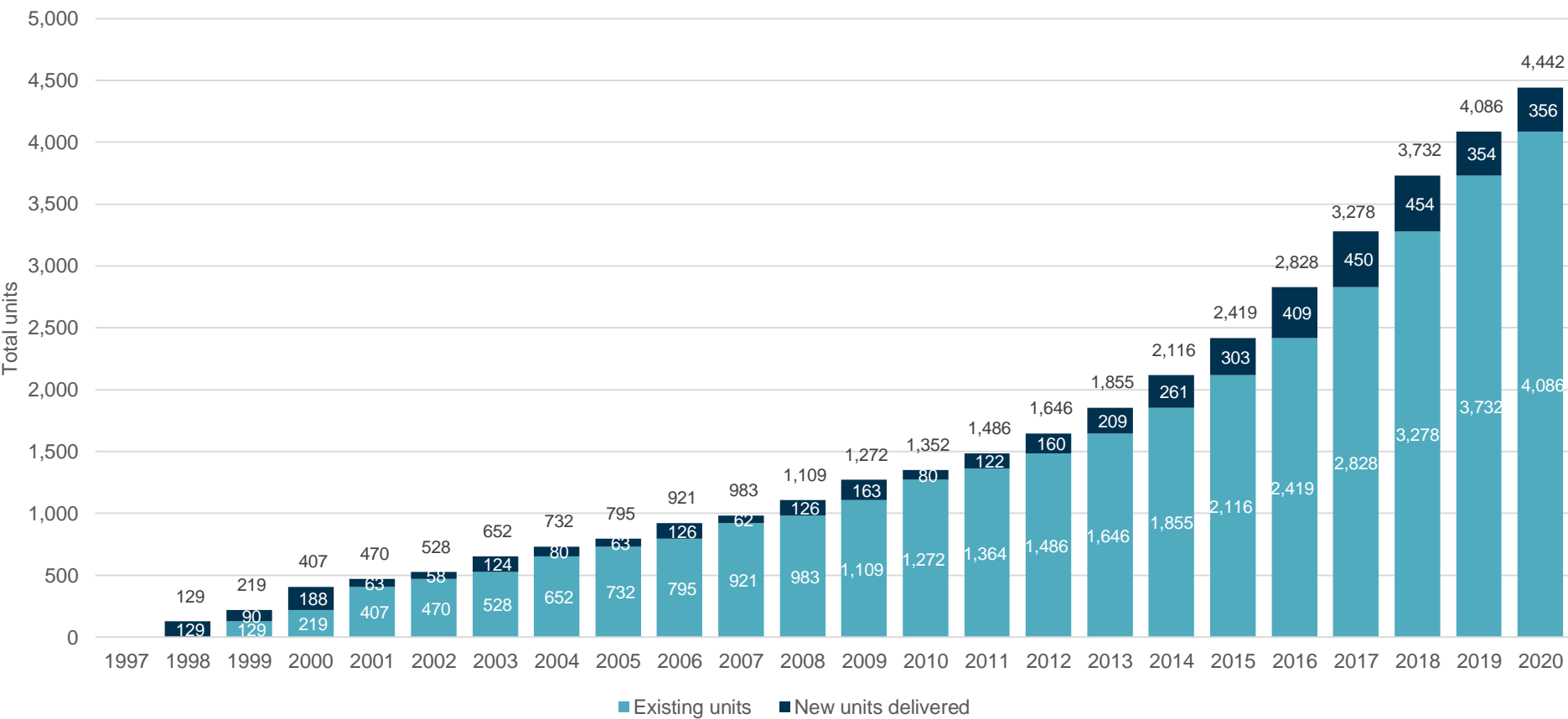
Per annum population growth 75 years and over



Summerset growth

23 years of consistent delivery and growth

Summerset build rate

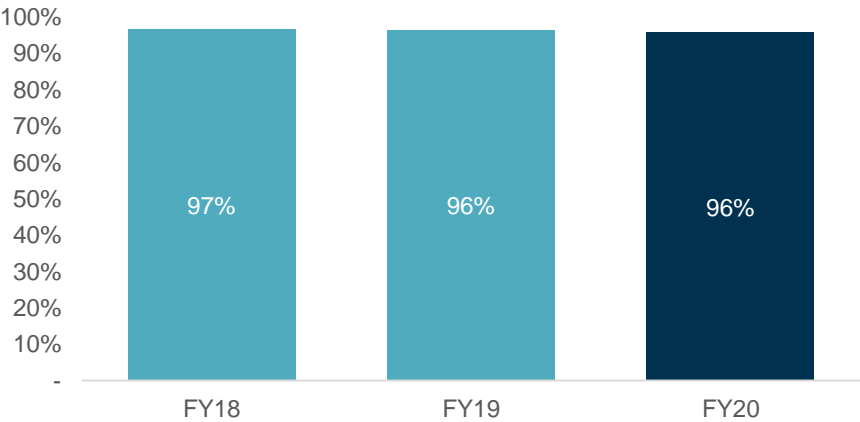


New units delivered includes retirement units, memory care apartments and care suites

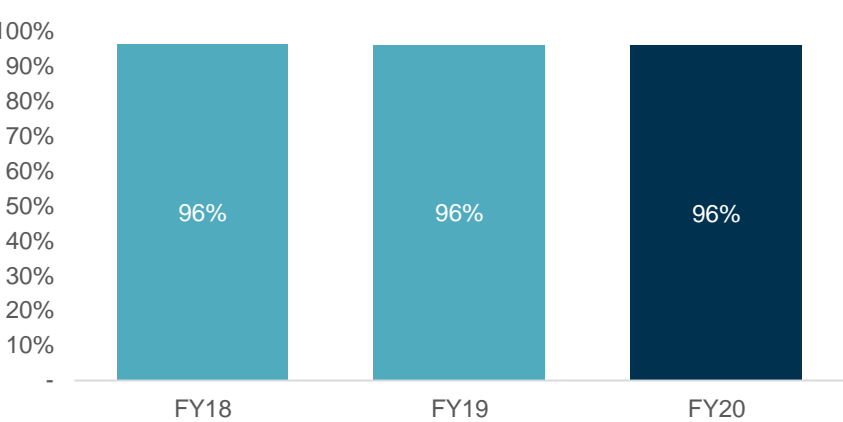
Customer profile & occupancy

Occupancy, tenure and resident demographic statistics

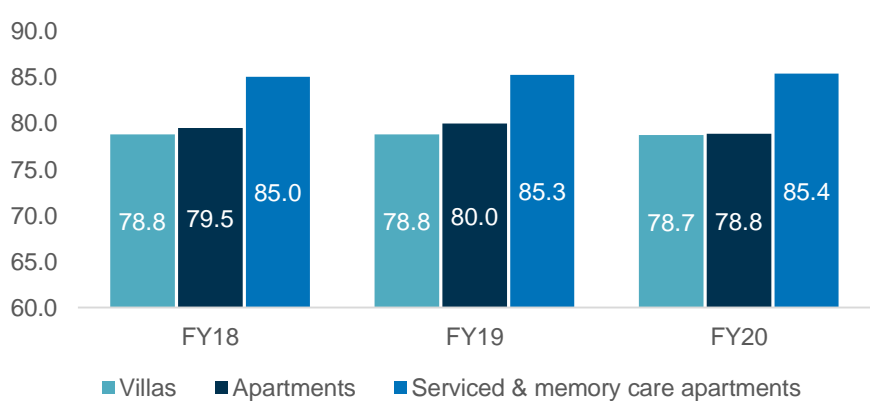
Occupancy – retirement villages



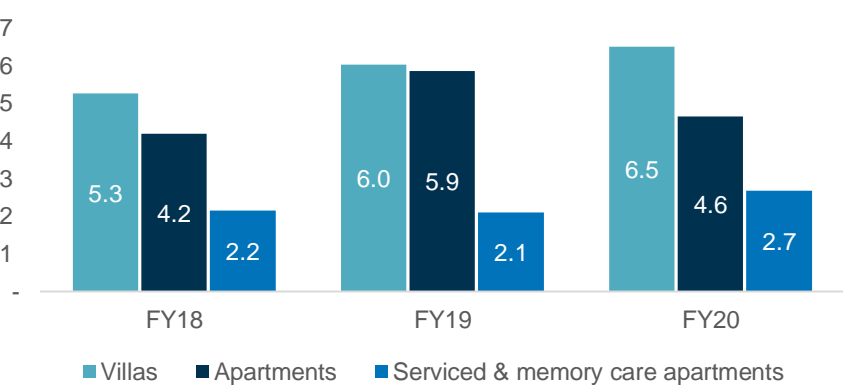
Occupancy – established care centres



Average entry age of residents (years)



Average tenure (years)





Ngā mihi

For more information:

Scott Scoullar
Chief Financial Officer & Deputy CEO
scott.scoullar@summerset.co.nz
029 894 7317

Jenny Bridgen
Communications Manager
jenny.bridgen@summerset.co.nz
021 408 215