

# Retail Bond Presentation

Summerset Group Holdings Limited

27 February 2024



Summerset at Pōhutukawa Place (Bell Block, New Plymouth)

## Joint Lead Managers



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

# Agenda

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



# Offer highlights

Bond offer further diversifies funding sources and provides tenor

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

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

# Business Overview

# Investment highlights

1

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

2

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

3

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

4

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

5

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

6

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



# Summerset snapshot

Diversified portfolio and land bank throughout New Zealand and Australia



Our people

**8,000+**

Residents



Our care

**1,284**

Care units in portfolio<sup>1</sup>



Our portfolio

**6,087**

Retirement units in portfolio



Our capital

**\$2.4b**

Market capitalisation

**2,800+**

Staff members

**1,338**

Care units in land bank

**5,571**

Retirement units in land bank

**Dual Listed**

NZX / ASX since 2011

**\$6.9b**

Total assets

**34.7%**

Gearing<sup>2</sup>



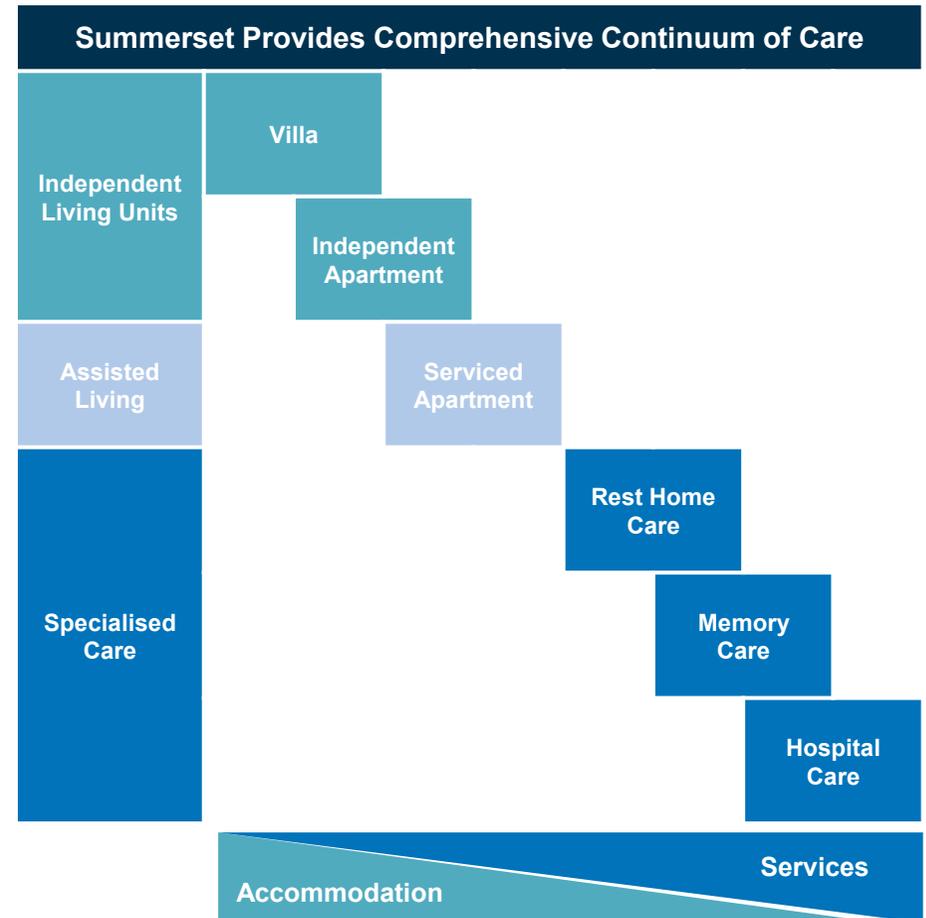
1. Care units includes care suites, memory care apartments and care beds

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

# Summerset background

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

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



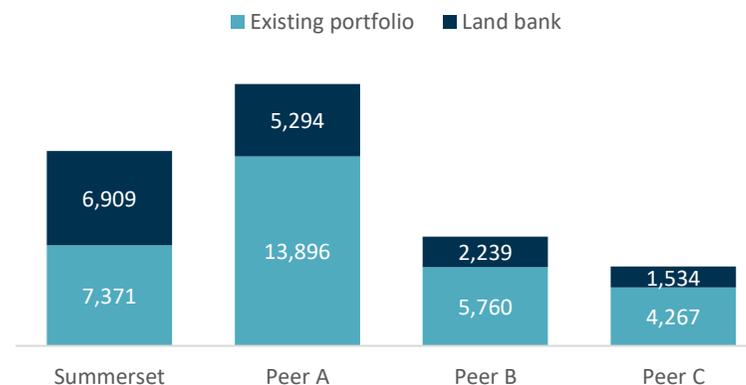
# Well positioned for growth

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

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

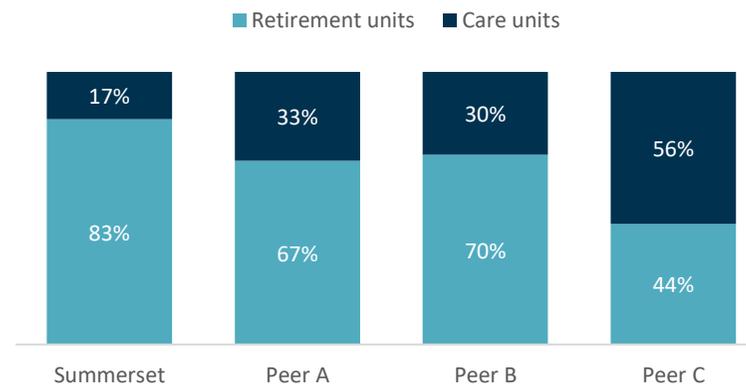
## Total portfolio by main operator

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



## Portfolio weighting by main operator

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



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

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

# Operational overview

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

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

# Our environment

## Environmental performance and sustainability

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



## Latest sustainability ratings

**MSCI**   
**AAA**  
 ESG RATING  
 (2023)

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

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

**CDP**   
 DRIVING SUSTAINABLE ECONOMIES

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

**CDP**   
 DRIVING SUSTAINABLE ECONOMIES

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

# Our environment

## Environmental performance and sustainability

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

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

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

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

# Our sustainability framework and targets

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

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

## Our affiliates



Aged Care Matters

# Our product



Summerset Mt Denby (Whangārei)



Summerset at Monterey Park (Hobsonville, Auckland)



Summerset Cambridge (Waipā District)



Summerset by the Dunes (Pāpāmoa Beach, Tauranga)

# Our product



Summerset Waikanae (Kāpiti Coast)



Summerset Boulcott (Lower Hutt, Wellington)



Summerset on the Landing (Kenepuru, Wellington)



Summerset Richmond Ranges (Tasman)



# Financial Performance

# Summary financial metrics

Resilient balance sheet with consistent cash flows and profitability

## Net operating cash flows



## Total assets



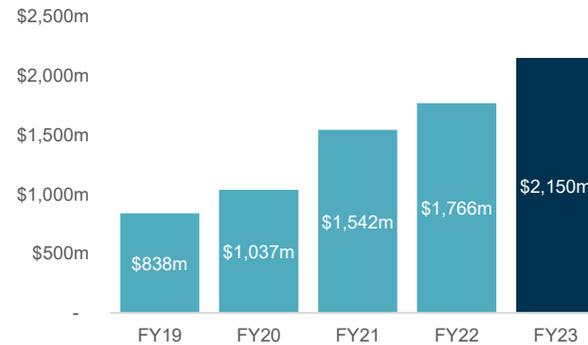
## Underlying profit



## Total settlements of Occupation Rights



## Retained earnings



## IFRS NPAT



## Underlying profit

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

# \$190.3m

Underlying profit

# 11%

Increase on FY22 ▲

NZ\$m	FY23	FY22	Variance	FY21
Care fees and village services	165.9	144.6	15%	126.9
Deferred management fees	104.6	92.3	13%	75.2
Realised gain on resales	88.1	70.2	26%	59.9
Realised development margin	121.2	104.9	16%	78.5
Other income & interest received	1.7	1.7	(3%)	3.3
<b>Total income</b>	<b>481.6</b>	<b>413.8</b>	<b>16%</b>	<b>343.8</b>
Operating expenses	248.0	211.8	17%	179.0
Depreciation and amortisation	15.8	13.6	16%	11.6
Net finance costs	27.5	17.0	62%	12.0
<b>Total expenses</b>	<b>291.3</b>	<b>242.4</b>	<b>20%</b>	<b>202.6</b>
<b>Underlying profit</b>	<b>190.3</b>	<b>171.4</b>	<b>11%</b>	<b>141.1</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, impairment and tax expense in the Group's income statement. The measure is used internally in conjunction with other measures to monitor performance and make investment decisions and has been reviewed by Ernst & Young. Underlying profit is a measure which the Group uses consistently across reporting periods. Underlying profit is used to determine the dividend payout to shareholders.*

## Cash flows

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

# \$398.2m

Net operating cash flows

# 8%

Increase on FY22 ▲

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

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

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

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

## Balance sheet

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

# \$6.9b

Total assets ▲ 19%

# \$2.1b

Retained earnings ▲ 22%

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

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

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

## Debt metrics

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

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

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

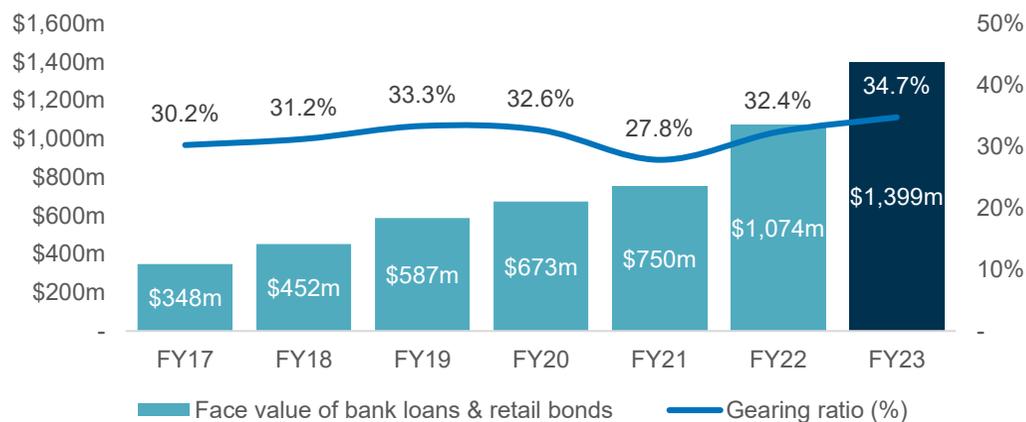
# 34.7%

## Gearing ratio

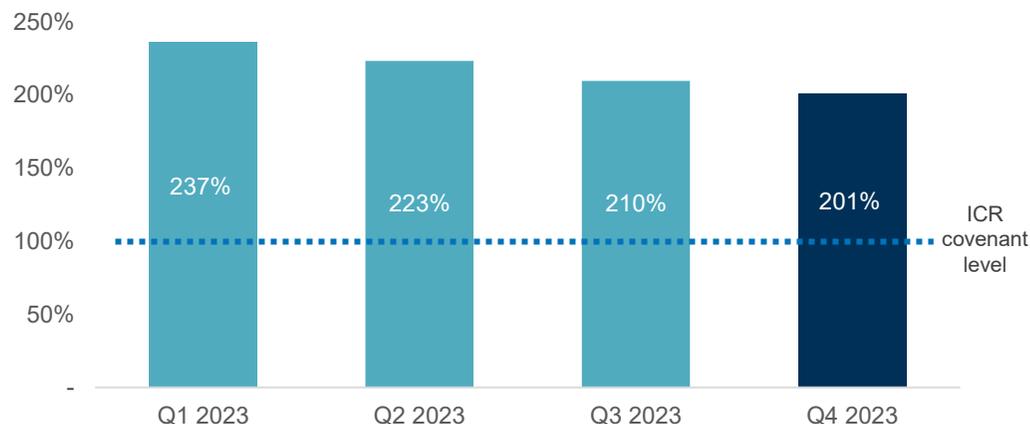
# 201%

## ICR coverage

### Gross borrowings and gearing



### ICR coverage ratio



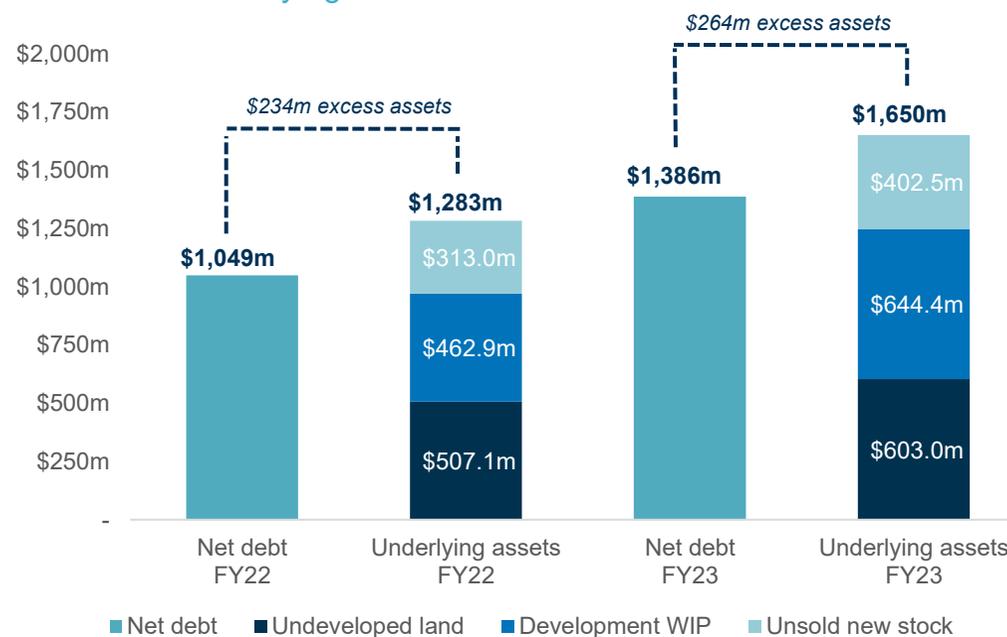
## Development assets

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

# \$1.7b

Underlying development assets

### Net debt to underlying assets



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



Summerset Mt Denby (Whangārei, Northland)

# Funding and Security Structure

# Purpose of debt and maturity profiles

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

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

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

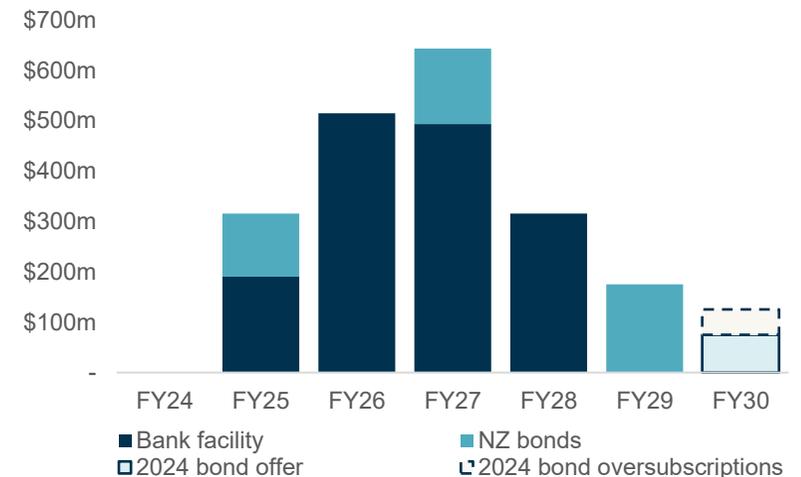
The proposed bond will be used to repay a portion of existing drawn bank debt and/or for general corporate purposes, whilst also providing further diversification of funding sources and tenor

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

- Summerset has three NZ\$ retail bonds on issue totalling \$450m
- NZ bank facility consists of six tranches totalling \$775m provided by seven banks
- Australian bank facility consists of five AUD tranches totalling NZ\$738m<sup>1</sup> provided by six banks
- Bank facility has undrawn capacity of \$564m as at 31 Dec 23

## Summerset debt maturity profile

No debt maturing in 2024



## Retail bonds outstanding

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

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

# Loan to value ratio covenant

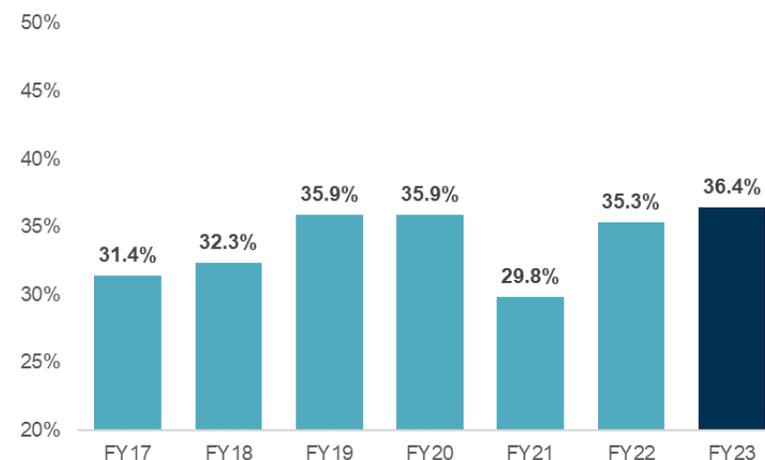
Significant headroom on loan to value ratio (LVR) covenant

**36.4%**  
Bank & bond LVR

Key terms of bond LVR covenant\*:

- LVR must not exceed 50%
- Reported breach of LVR on a test date is an Event of Review
- If an Event of Review occurs, Summerset must follow a process specified in the Trust Deed to attempt to remedy the breach. If the breach has not been remedied at the end of this process, an Event of Default occurs
- During any Event of Review or Event of Default, Guarantors are not permitted to make any distributions to non-Guarantors
- Bondholders benefit from cross acceleration provisions
- Management remain comfortable with the current level of headroom to all bank and bond covenant ratios

Loan to value ratio



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

\*LVR covenant (Total debt/Property value) is less than or equal to 50%, being the ratio of:

(a) Total Debt (which is effectively principal amounts outstanding under Summerset's bank facilities, bonds and any other secured facilities); to

(b) Property Value of the Guaranting Group's land and permanent buildings that have been mortgaged to the Security Trustee

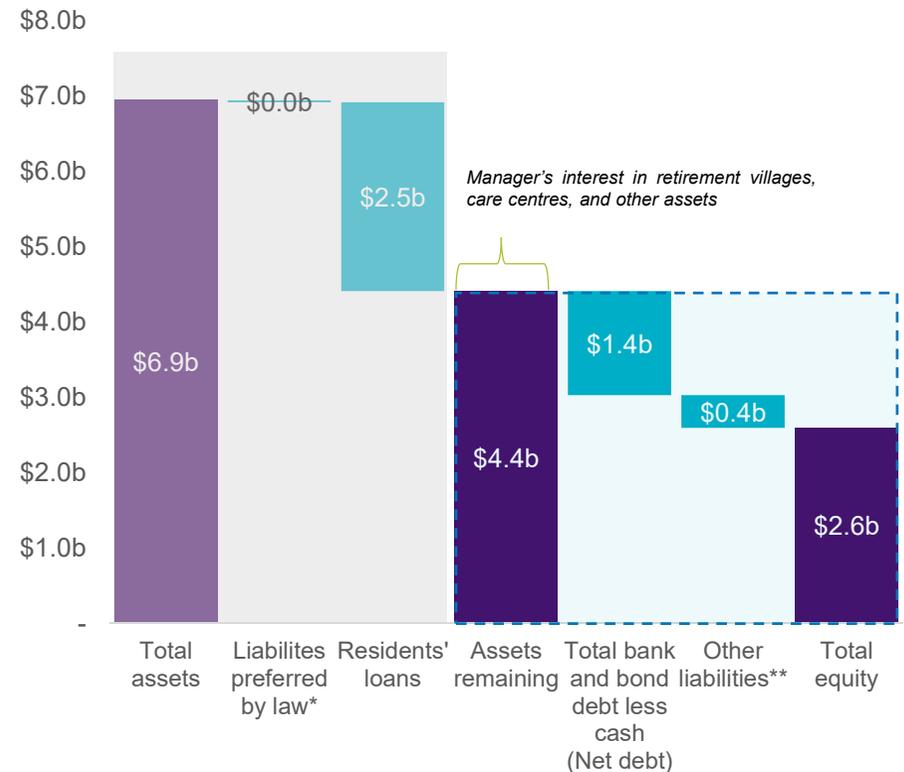
\*\* Gearing ratio calculation (net debt / net debt plus book equity) differs from the Summerset Group's bank and bond LVR covenant (total debt of the Summerset Group / property value of the Summerset Group)

# Security

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

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

Financial Position as at 31 December 2023

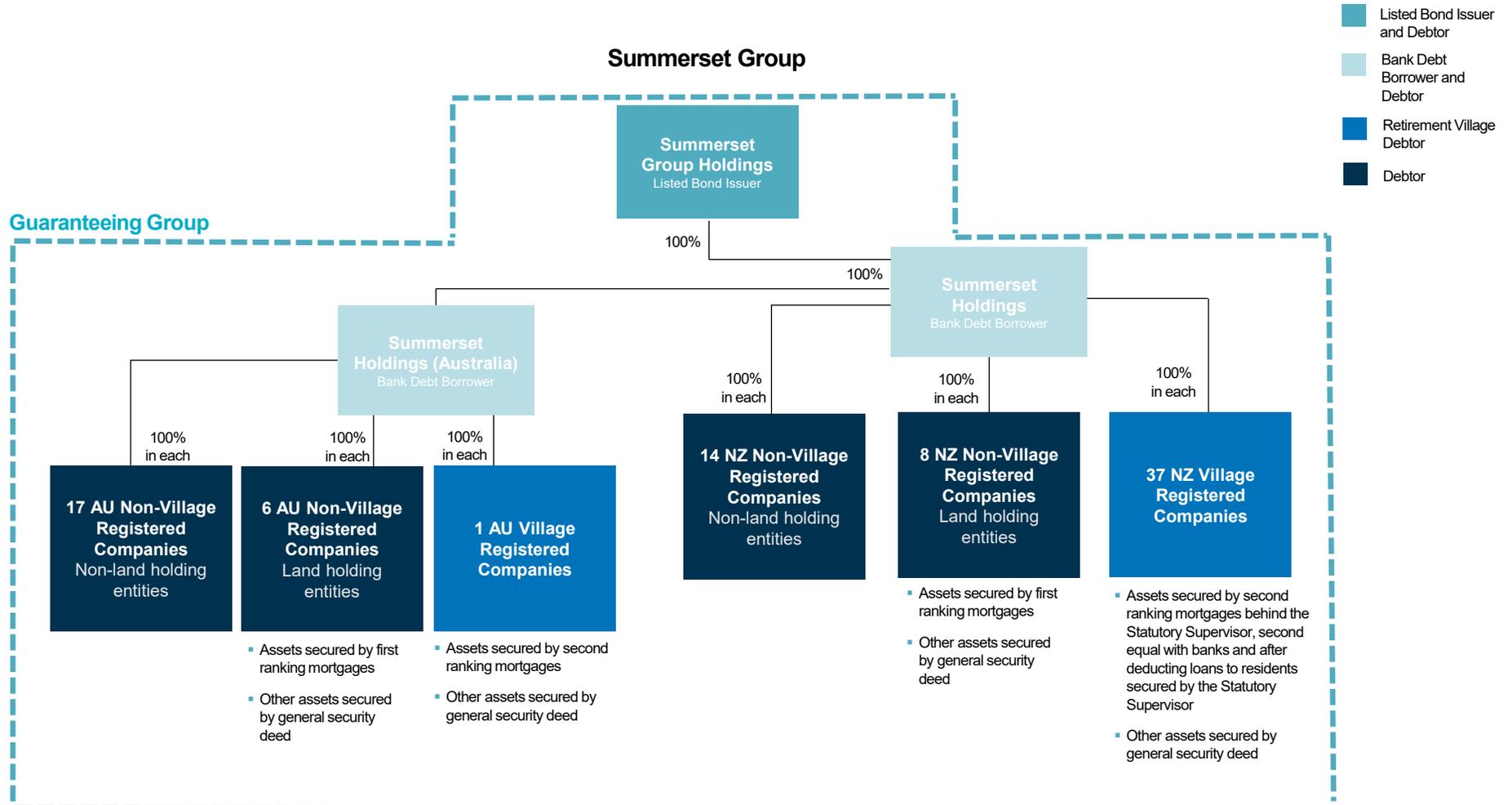


\* Liabilities preferred by law include employee entitlements, Inland Revenue and rights of creditors preferred by law

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

# Security structure

Summerset Group syndicated lending structure simplified - at 31 December 2023





# Offer Terms and Timetable

# Key terms of the offer

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

\*LVR = Loan to Value Ratio

## Key dates of the offer

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



# Questions



*Summerset Down the Lane (Hamilton)*

# Appendix

## Board of Directors



**Mark Verbiest**  
Chair, Independent  
LLB CFInstD

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



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

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



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

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



**Venasio-Lorenzo Crawley**  
Independent  
MBA, BA

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

## Board of Directors



**Gráinne Troute**

**Independent**  
BA, Grad DipBusStuds, CMinstD, CFInstD

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



**Andrea Scown**

**Future Director (IoD)**  
BBUS, ACA, MinstD

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



**Dr Andrew Wong**

**Independent**  
BHB, MBChB, MPH

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



**Fiona Oliver**

**Independent**  
LLB.BA, CFInstD

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

# Management



**Scott Scoullar**  
Chief Executive Officer  
CA, FCPA, BCA

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



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

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



**Kay Brodie**  
General Manager Marketing  
and Communications | BCA, BSc

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



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

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



**Fay French**  
General Manager Sales  
RNZcmpN

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

# Management



**Aaron Smail**  
General Manager Development  
BE (Civil), BBS

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



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

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



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

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



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

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

## How an Occupation Right Agreement works

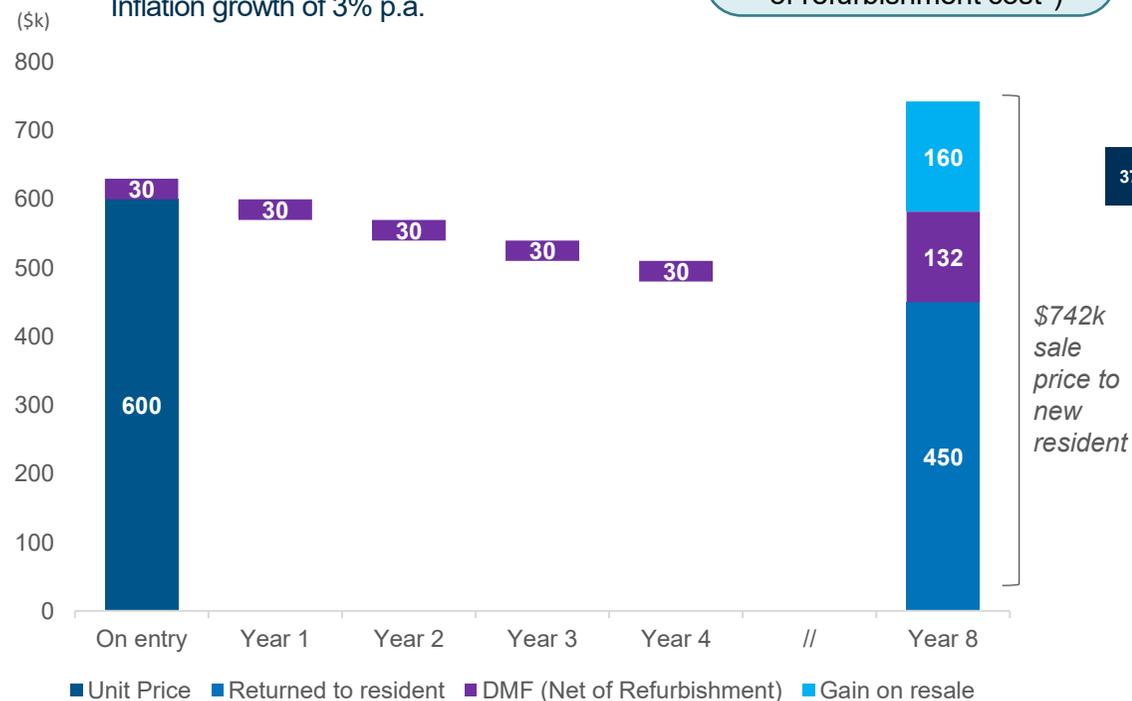
Summerset earns a deferred management fee (percentage of incoming price) and all capital gains on resale of the Occupation Right

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

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

At exit Summerset receives: \$292k

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



\*Note that DMF is not always accrued over 5 years

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

# Security

## Bondholders on an equal ranking security basis with bank lenders

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

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

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

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

# Customer profile and occupancy

Occupancy, tenure and resident demographic statistics

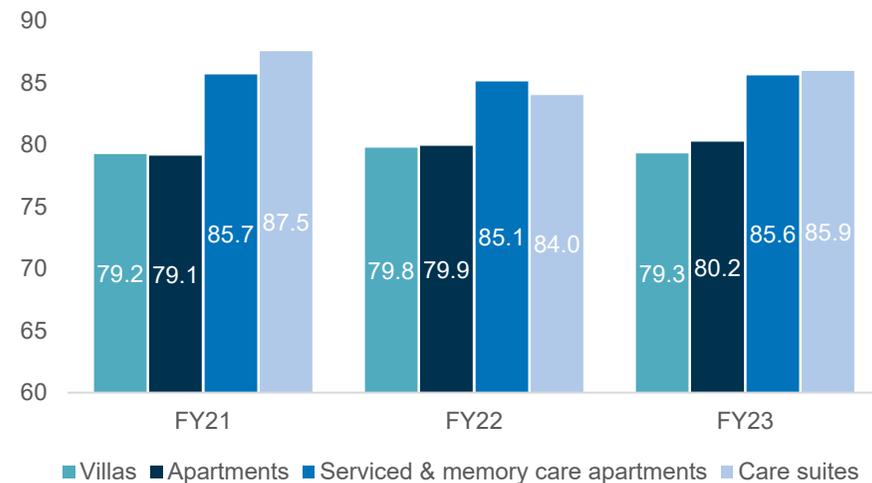
## Occupancy – retirement villages



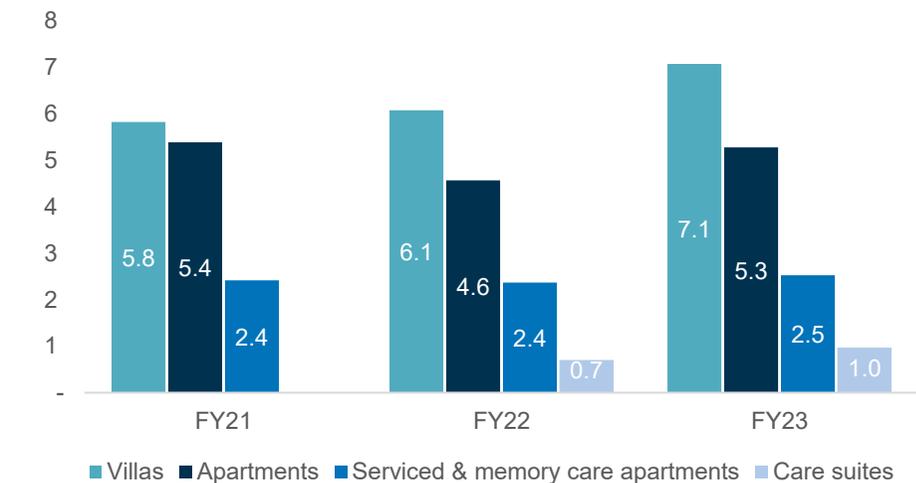
## Occupancy – established care centres



## Average entry age of residents (years)



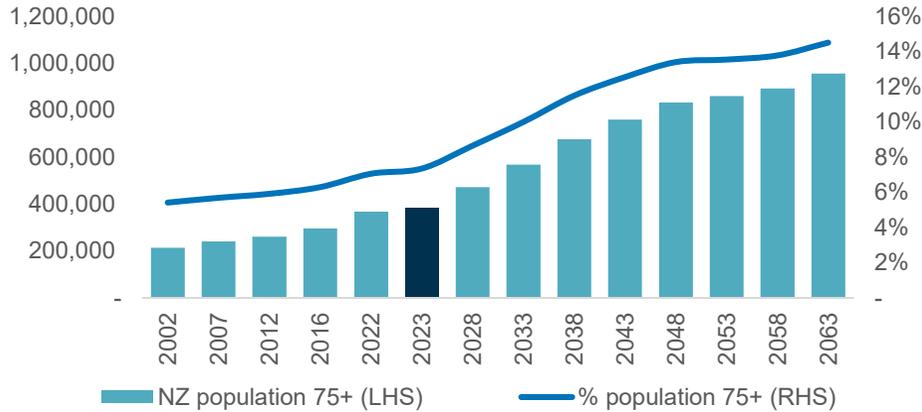
## Average tenure (years)



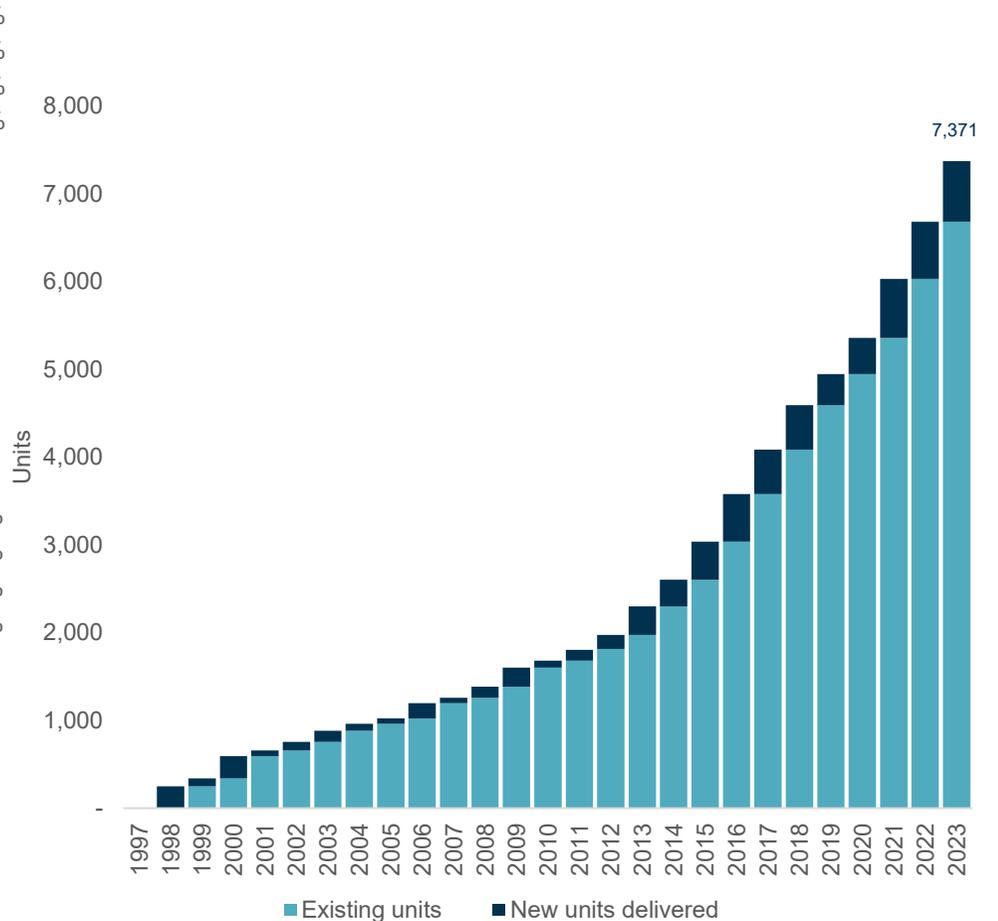
# Compelling demographic and history of delivering on growth

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

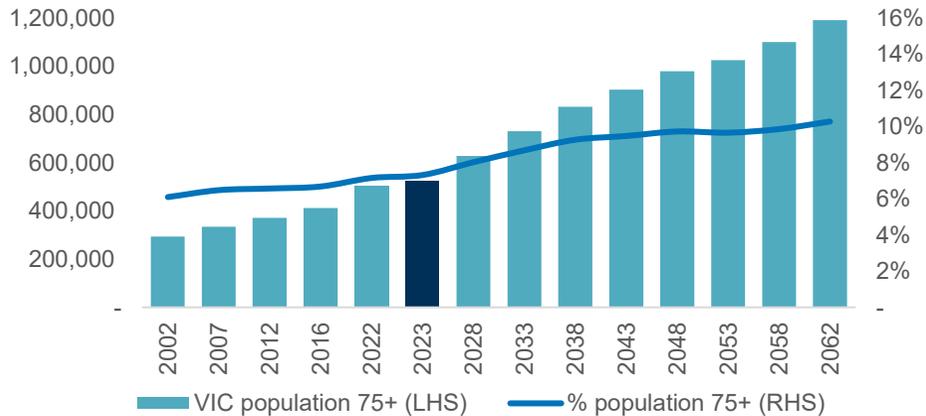
New Zealand population growth 75 years and over



Summerset build rate



Victoria population growth 75 years and over



Source: Australian Bureau of Statistics and Statistics New Zealand

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

# Ngā mihi

For more information:

Will Wright  
Chief Financial Officer  
[will.wright@summerset.co.nz](mailto:will.wright@summerset.co.nz)  
021 490 251



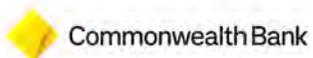
# Indicative Terms Sheet

Summerset Group Holdings Limited  
27 February 2024



Artist impression of Summerset St Johns

Joint Lead Managers:



# Indicative Terms Sheet

This indicative terms sheet (“**Indicative Terms Sheet**”) sets out the key terms of the offer (“**Offer**”) by Summerset Group Holdings Limited (“**Summerset**”) of up to \$75,000,000 (with the ability to accept up to an additional \$50,000,000 of oversubscriptions at Summerset’s discretion) of guaranteed, secured, unsubordinated fixed rate bonds maturing on 8 March 2030 (“**Bonds**”) under its master trust deed dated 30 May 2017 (as amended from time to time) (“**Trust Deed**”) as modified and supplemented by a supplemental trust deed dated 27 February 2024 (together, “**Trust Documents**”) entered into between Summerset and The New Zealand Guardian Trust Company Limited (“**Supervisor**”). Unless the context otherwise requires, capitalised terms used in this Indicative Terms Sheet have the same meaning given to them in the Trust Documents.

Investors should refer to the Trust Documents for the full terms of the Bonds.

## Important Notice

The Offer of debt securities by Summerset is made in reliance upon the exclusion in clause 19 of schedule 1 of the Financial Markets Conduct Act 2013 (“**FMCA**”).

The Offer contained in this Terms Sheet is an offer of bonds that have identical rights, privileges, limitations and conditions (except for the interest rate and maturity date) as:

- Summerset’s bonds maturing on 24 September 2025, which have a fixed interest rate of 4.20% per annum and are currently quoted on the NZX Debt Market under the ticker code SUM020;
- Summerset’s bonds maturing on 21 September 2027, which have a fixed interest rate of 2.30% per annum and are currently quoted on the NZX Debt Market under the ticker code SUM030; and
- Summerset’s bonds maturing on 9 March 2029, which have a fixed interest rate of 6.59% per annum and are currently quoted on the NZX Debt Market under the ticker code SUM040, (together, the “**Existing Bonds**”).

Accordingly, the Bonds are the same class as the Existing Bonds for the purposes of the FMCA and the Financial Markets Conduct Regulations 2014.

Summerset is subject to a disclosure obligation that requires it to notify certain material information to NZX Limited (“**NZX**”) for the purpose of that information being made available to participants in the market. That information can be found by visiting [www.nzx.com/companies/SUM](http://www.nzx.com/companies/SUM).

The Existing Bonds are the only debt securities of Summerset that are currently quoted and in the same class as the Bonds.

Investors should look to the market price of the Existing Bonds referred to above to find out how the market assesses the returns and risk premium for those bonds.

# Key Terms of the Bonds

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<b>Issuer</b>	Summerset Group Holdings Limited (“ <b>Summerset</b> ”).
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<b>Instrument</b>	Fixed rate, guaranteed, secured, unsubordinated bonds (“ <b>Bonds</b> ”).
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<b>Status</b>	<p>The Bonds will be issued under the Trust Documents described above. Principal and interest amounts in respect of the Bonds will be direct, secured, unsubordinated obligations of the Issuer and rank <i>pari passu</i> with all other unsubordinated obligations of the Issuer, except indebtedness preferred by law.</p>
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<b>Guarantors</b>	<p>Consistent with the Guarantors for Summerset’s bank facilities.</p> <p>Holders will have the benefit of the following coverage ratios:</p> <ul style="list-style-type: none"><li>• Total Assets of the Guaranteeing Group must comprise at least 90% of the Total Assets of the Summerset Group; and</li><li>• EBITDA of the Guaranteeing Group for each rolling 12 month period must not be less than 90% of EBITDA of the Summerset Group for that period.</li></ul>
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<b>Purpose</b>	<p>The proceeds of the Offer will be used to repay a portion of existing drawn bank debt and/or for general corporate purposes of the Summerset Group. The Offer will provide diversification of funding sources and tenor for the Summerset Group.</p> <p>More broadly, the Summerset Group’s principal use of debt is to facilitate the acquisition of land for development and the development and construction of retirement villages.</p>
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<b>Security</b>	<p>Holders will share the benefit of the same security package as Summerset’s banks on a pro rata basis. The security is held by the Security Trustee.</p> <p>The key securities that Summerset’s banks and Holders will have the benefit of are set out below.</p> <p><b>New Zealand Securities</b></p> <ul style="list-style-type: none"><li>• A second ranking mortgage over the land and permanent buildings of each Village Registered Company incorporated in New Zealand, which are the entities that operate Summerset’s registered retirement villages in New Zealand. This ranks behind a first ranking mortgage in favour of Public Trust (as the Statutory Supervisor of the relevant retirement village) securing amounts and obligations owing to village residents.</li><li>• A first ranking mortgage over land and permanent buildings owned by other Summerset Group companies (described as Non-Village Registered Companies) incorporated in New Zealand, being undeveloped land and land under development.</li><li>• A General Security Deed, which grants security over all assets of the Guaranteeing Group companies incorporated in New Zealand. However, the Statutory Supervisor has first rights to the proceeds of security enforcement against the assets of the Village Registered Companies incorporated in New Zealand.</li></ul>
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**Security  
(continued)**

The Statutory Supervisor is entitled to the proceeds of security enforcement against all assets of the Village Registered Companies incorporated in New Zealand, in priority to Summerset's banks and Holders. Summerset's banks and Holders (including Holders of the Existing Bonds) will share the remaining proceeds of security enforcement against the assets of Village Registered Companies incorporated in New Zealand to which the Security Trustee is entitled on a pro rata basis.

**Australian Securities**

- A second ranking mortgage over the land and permanent buildings of any Village Registered Company incorporated in Australia. This ranks second in priority behind a statutory charge against the land and permanent buildings under s29 of the Retirement Villages Act 1986 (Vic) securing amounts owing to village residents. Note that Summerset has one Village Registered Company in Australia, and continues to progress a number of village developments in Victoria.
- A first ranking mortgage over any land and permanent buildings owned by Non-Village Registered Companies incorporated in Australia, being undeveloped land and land under development.
- A General Security Deed, which grants security over all assets of the Guaranteeing Group companies incorporated in Australia.

There is no requirement to appoint a Statutory Supervisor or equivalent for each Registered Village in Australia.

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**Financial  
Covenant****Loan to Value (LVR) Covenant**

Summerset will ensure, on each Test Date, that the ratio of:

- a. Total Debt (which is effectively principal amounts outstanding under Summerset's bank facilities, bonds and any other secured facilities); to
- b. Property Value of the Guaranteeing Group's land and permanent buildings that have been mortgaged to the Security Trustee,

is less than or equal to 50%.

A reported breach of the LVR Covenant in respect of a Test Date will be an Event of Review. Summerset must then follow a process specified in the Trust Deed to attempt to remedy the breach. If the breach has not been remedied at the end of this process, an Event of Default occurs.

**Distribution stopper**

Guarantors are not permitted to make any Distributions to non-Guarantors if an Event of Default or Event of Review is continuing.

**Refer to the Trust Deed for more detail on Covenants that will apply to the Bonds.**

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**Credit Rating**

The Bonds will not be rated.

<b>Issue Amount</b>	Summerset is offering up to \$75,000,000 of Bonds with the ability to accept oversubscriptions of up to an additional \$50,000,000 at Summerset's discretion. The Offer is not underwritten.
<b>Interest Rate</b>	The Interest Rate will be the sum of the Issue Margin and the Base Rate, but in any case will be no less than the minimum Interest Rate of 6.35% per annum.  The Interest Rate will be announced by Summerset via NZX on or shortly after the Rate Set Date.
<b>Indicative Issue Margin Range</b>	The indicative Issue Margin Range is 2.00 – 2.15% per annum.
<b>Issue Margin</b>	The Issue Margin (which may be above or below the indicative Issue Margin range) will be determined by Summerset in consultation with the Joint Lead Managers following completion of the bookbuild process and announced via NZX on or shortly after the Rate Set Date.
<b>Base Rate</b>	A mid-market rate for an NZD interest rate swap (adjusted to a quarterly basis as necessary), for a term matching the period from the Issue Date to the Maturity Date as calculated by the Arranger in consultation with Summerset, according to market convention, with reference to Bloomberg page 'ICNZ4' (or any successor page) on the Rate Set Date (rounded to 2 decimal places, if necessary, with 0.005 being rounded up).
<b>Interest Payments &amp; Interest Payment Dates</b>	Interest will be payable quarterly in arrear in equal amounts on 8 March, 8 June, 8 September and 8 December of each year up to and including the Maturity Date. The first Interest Payment Date will be 8 June 2024.  If an Interest Payment Date is not a business day, the due date for the payment to be made on that date will be the next following business day and no adjustment will be made to the amount payable as a result of the delay in payment.
<b>Early Redemption</b>	Neither Holders nor Summerset are able to redeem the Bonds before the Maturity Date. However, Summerset may be required to repay the Bonds early if there is an Event of Default.

<b>Brokerage</b>	Summerset will pay brokerage of 0.50% of the aggregate principal amount of Bonds issued plus 0.25% on firm allocations. Such amounts will be paid to the Arranger who will distribute as appropriate to Primary Market Participants and approved financial intermediaries.
<b>Record Date</b>	5.00pm on the tenth calendar day before the due date for that payment or, if that day is not a business day, the preceding business day.
<b>Issue Price</b>	\$1.00 per Bond.
<b>Minimum Application</b>	The minimum application is \$5,000, with multiples of \$1,000 thereafter.
<b>Minimum Holding</b>	Bonds with an aggregate principal amount of \$5,000.
<b>How to Apply</b>	<p>All of the Bonds, including oversubscriptions, are reserved for clients of the Joint Lead Managers, institutional investors and other primary market participants invited to participate in the bookbuild. There will be no public pool for the Offer. Accordingly, retail investors should contact a Joint Lead Manager, their financial adviser or any primary market participant for details on how they may acquire Bonds. You can find a primary market participant by visiting <a href="http://www.nzx.com/services/market-participants">www.nzx.com/services/market-participants</a>.</p> <p>In respect of oversubscriptions or generally, any allotment of Bonds will be at Summerset's discretion, in consultation with the Joint Lead Managers. Summerset reserves the right to refuse all or any part of an application without giving any reason.</p> <p>Each investor's financial adviser will be able to advise them as to what arrangements will need to be put in place for the investors to trade the Bonds including obtaining a common shareholder number (CSN), an authorisation code (FIN) and opening an account with a primary market participant as well as the costs and timeframes for putting such arrangements in place.</p>
<b>ISIN</b>	NZSUMD0050L4.
<b>Transfers</b>	<p>Holders are entitled to sell or transfer their Bonds at any time subject to the terms of the Trust Documents, the selling restrictions set out below and applicable securities laws and regulations. Summerset may decline to register a transfer of Bonds for the reasons set out in the Trust Documents.</p> <p>The minimum amount of Bonds a Holder can transfer is \$1,000, and integral multiples of \$1,000 thereafter. No transfer of Bonds or any part of a Holder's interest in a Bond will be registered if the transfer would result in the transferor or the transferee holding or continuing to hold Bonds with an aggregate principal amount of less than the minimum holding of \$5,000 (other than zero).</p>

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<b>NZX Quotation</b>	Summerset will take any necessary steps to ensure that the Bonds are, immediately after issue, quoted on the NZX Debt Market. Application has been made to NZX for permission to quote the Bonds on the NZX Debt Market and all the requirements of NZX relating thereto that can be complied with on or before the distribution of this Indicative Terms Sheet have been duly complied with. However, NZX accepts no responsibility for any statement in this Indicative Terms Sheet. NZX is a licensed market operator and the NZX Debt Market is a licensed market under the FMCA.
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<b>NZX Debt Market Ticker Code</b>	SUM050.
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<b>Selling Restrictions</b>	<p>The Bonds may only be offered for sale or sold in New Zealand in conformity with all applicable laws and regulations in New Zealand. No Bonds may be offered for sale or sold in any other country or jurisdiction except with the prior consent of Summerset and in conformity with all applicable laws and regulations of that country or jurisdiction and the selling restrictions contained in this Indicative Terms Sheet.</p> <p>This Indicative Terms Sheet may not be published, delivered or distributed in or from any country or jurisdiction except under circumstances which will result in compliance with all applicable laws and regulations in that country or jurisdiction and the selling restrictions contained in this Indicative Terms Sheet.</p> <p>By purchasing the Bonds, each Holder agrees to indemnify Summerset, the Bond Supervisor, the Arranger, the Joint Lead Managers and their respective directors, officers, employees and agents in respect of any loss, cost, liability or expense sustained or incurred as a result of the breach by the Holder of the selling restrictions set out above.</p>
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<b>Governing Law</b>	New Zealand.
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# Important Dates

**Opening Date** Tuesday, 27 February 2024.

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**Closing Date** 11:00am, Friday, 1 March 2024.

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**Rate Set Date** Friday, 1 March 2024.

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**Issue Date and Allotment Date** Friday, 8 March 2024.

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**Expected Date of Initial Quotation** Monday, 11 March 2024.

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**Maturity Date** Friday, 8 March 2030.

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The dates set out in this Indicative Terms Sheet are indicative only and are subject to change.

Summerset has the right in its absolute discretion and without notice to close the Offer early, to accept late applications, to extend the Closing Date or to choose not to proceed with the Offer. If the Closing Date is extended, subsequent dates may be extended accordingly.

The Arranger, the Joint Lead Managers and their respective directors, officers, employees and agents:

- a. have not authorised or caused the issue of, or made any statement in, any part of this Indicative Terms Sheet;
- b. do not make any representation, recommendation or warranty, express or implied regarding the origin, validity, accuracy, adequacy, reasonableness or completeness of, or any errors or omissions in, any information, statement or opinion contained in this Indicative Terms Sheet; and
- c. to the extent permitted by law, do not accept any responsibility or liability for this Indicative Terms Sheet or for any loss arising from this Indicative Terms Sheet or its contents or otherwise arising in connection with the Offer of Bonds.

This Indicative Terms Sheet does not constitute financial advice or a recommendation from the Arranger, any Joint Lead Manager or any of their respective directors, officers, employees, agents or advisers to purchase any Bonds.

You must make your own independent investigation and assessment of the financial condition and affairs of Summerset before deciding whether or not to invest in the Bonds.

# Other Information

Copies of the Trust Documents are available at Summerset's website at [www.summerset.co.nz/bondoffer](http://www.summerset.co.nz/bondoffer).

Any internet site addresses provided in this Indicative Terms Sheet are for reference only and, except as expressly stated otherwise, the content of any such internet site is not incorporated by reference into, and does not form part of, this Indicative Terms Sheet.

Investors should seek qualified independent financial and taxation advice before deciding to invest. In particular, you should consult your tax adviser in relation to your specific circumstances. Investors will also be personally responsible for ensuring compliance with relevant laws and regulations applicable to them (including any required registrations).

For further information regarding Summerset, visit [www.nzx.com/companies/SUM](http://www.nzx.com/companies/SUM).

## Contact Information

### Issuer

Summerset Group Holdings Limited  
Level 27, Majestic Centre  
100 Willis Street  
PO Box 5187  
Wellington 6140

### Registrar

Link Market Services Limited  
Level 30, PwC Tower  
15 Customs Street West  
Auckland 1010

### Arranger and Joint Lead Manager

Commonwealth Bank of Australia  
ASB North Wharf  
12 Jellicoe Street  
Auckland 1010

### Joint Lead Manager

Craigs Investment Partners Limited  
Level 32, Vero Centre  
48 Shortland Street  
Auckland 1010

### Joint Lead Manager

Forsyth Barr Limited  
Level 22, NTT Tower  
157 Lambton Quay  
Wellington 6011

### Joint Lead Manager

Jarden Securities Limited  
Level 21  
171 Featherston Street  
Wellington 6011

### Bond Supervisor

The New Zealand Guardian Trust Company Limited  
Level 2, 99 - 105 Customhouse Quay  
Wellington 6011

### Statutory Supervisor

Public Trust  
Level 9, 34 Shortland Street  
Auckland 1010

### Legal advisers to Summerset

Russell McVeagh  
Level 24, NTT Tower  
157 Lambton Quay  
Wellington 6011

### Security Trustee

ANZ Bank New Zealand Limited  
Level 25, ANZ Centre  
23 - 29 Albert Street  
Auckland 1010