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NZX & ASX RELEASE

23 August 2023

Summerset HY Results 2023

SUMMERSET FIRST HALF UNDERLYING PROFIT OF $87.2M, UP 5.7%

- Underlying profit for 1H23 of NZ$87.2m, up 5.7% on 1H22
- Reported (IFRS) profit after tax of NZ$133.1m
- Total assets of NZ$6.3 billion, up 17.2% on 1H22
- Gearing ratio of 35.5%
- Two new sites acquired in New Zealand
- 152 new retirement units delivered
- 483 sales of occupation rights for the half
- Development margin of 33.5%
- Interim dividend of NZ11.3 cents per share

Retirement village operator Summerset Group Holdings Limited has announced an underlying profit of $87.2 million for the six months ended 30 June 2023, a 5.7% increase on the first half of 2022.

Summerset CEO Scott Scoullar said the result is pleasing as the business performed solidly through a challenging economic environment over the first six months and continues to lay the platform for ongoing growth.

In the six months to 30 June 2023, Summerset recorded 483 sales comprising 241 new sales and 242 resales. The first quarter of 210 total sales reflected the lower turnover in the property market, whereas the second quarter saw a record result for resales with 147 units settled.

Summerset reported a development margin of 33.5% up from 28.1%, for the same period last year, above the company's longer-term expectations of development margins in the 20-25% range.

Summerset delivered 152 total units in the first six months.

"Our deliveries are weighted towards the second half of this year and we remain on track to deliver approximately 625-675 units this year. In the second half, we expect to deliver two new village centre buildings at our Bell Block (New Plymouth) and Te Awa (Napier) villages with both sites already seeing good levels of presales interest", said Mr Scoullar.

Summerset has also announced the purchase of two new sites in New Zealand at Rolleston (Christchurch) and Mosgiel (Dunedin).

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"We're pleased to continue to find quality sites to grow our business where we'll be able to introduce more New Zealanders to our retirement village lifestyle."

Rolleston, in the Selwyn District is in one of New Zealand's high growth areas, with Statistics New Zealand estimating Rolleston will see the highest population growth in New Zealand over the next 30 years. The site is Summerset's sixth in the Canterbury region.

The site in Mosgiel is 15km west of Dunedin's city centre and will complement the existing Dunedin village. Offering access to a high level of amenities and recreational areas with flat, open spaces, the site is also within 3km of Mosgiel town centre's vibrant shops, cafés, restaurants and monthly markets.

The new New Zealand sites will each offer over 300 units and further boost Summerset's land bank of units, the largest in New Zealand's retirement village sector, and gives Summerset enough secured land to more than double the size of its current New Zealand business.

"In Australia, construction is well underway at our Cranbourne North village, with presales marketing having recently commenced and the first homes expected to be finished by the end of this year", said Mr Scoullar.

Once complete, the village will provide a variety of purpose-built homes including two- and three-bedroom independent living villas and townhouses, as well as serviced apartments for residents requiring extra support. There will also be extensive recreational amenities and aged care on-site offering options for residents in our aged care or memory care facility.

Of its six other Australian sites, Summerset has both the Chirnside Park and now Oakleigh South sites consented and is working through the process at its other proposed villages.

"We were very pleased to receive consent for our Oakleigh South site from Victoria's City of Monash Council. It's our first inner suburban approval in Victoria with excellent amenities and access to nearby Melbourne city.

"We are excited to soon introduce Australians to our high-quality integrated model of village living", said Mr Scoullar.

The Summerset Board has declared an unimputed interim dividend of NZ11.3 cents per share. The record date will be 6 September 2023, with payment on 19 September 2023.

ENDS

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ABOUT SUMMERSET

- Summerset is one of the leading operators and developers of retirement villages in New Zealand, with 38 villages completed or in development nationwide

- In addition, Summerset has six proposed sites at Half Moon Bay (Auckland), Rotorua (Bay of Plenty), Kelvin Grove (Palmerston North), Masterton (Wairarapa), Rolleston (Christchurch), and Mosgiel (Dunedin)
- Summerset also has one village in development (Cranbourne North) and six other properties in Victoria, Australia (Chirnside Park, Craigieburn, Drysdale, Mernda, Oakleigh South and Torquay)
- Summerset provides a range of living options and care services to more than 7,600 residents

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Half Year Report

2023

Summerset



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Cover: Summerset by the Lake resident and model plane enthusiast, Alex Brodie, proudly displays some of his treasures and collections in his garage at the village. Inside cover: Artist impression of Summerset Waikanae.



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OUR RESIDENTS

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





OUR ENVIRONMENT

Every day we focus on:

Minimising waste

Increasing energy efficiency

Being more sustainable









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Chair and CEO's report



Mark Verbiest
Chair



Scott Scoullar
Chief Executive Officer

Welcome to Summerset's half year report for the six months ended 30 June 2023.

The business has performed solidly through a challenging economic environment over the last six months, and we continue to lay the platform for ongoing growth.

We are pleased to report in the first half of 2023 we recorded $133.1 million IFRS net profit after tax, down 1% on the same period last year, and $87.2 million underlying profit, up 5.7% on the first six months of 2022.

While some uncertainty continues, we are pleased to be seeing early signs that suggest the tough property market may have bottomed and some of the pressures from earlier in the year appear to be easing.

In the six months to 30 June 2023, we recorded 483 sales comprising 241 new sales and 242 resales. The first quarter of 210 total sales reflected the lower turnover in the property market, whereas the second quarter saw us achieve record resales of 147 units.

We delivered 152 new units sold under occupation right agreement (ORA) in the first half and we remain on track to deliver approximately 625-675 units to be sold under ORA for the full year 2023. While that range provides for flexibility, currently we expect to deliver closer to the lower end as we actively and prudently manage deliveries in the context of property market conditions.

In the second half of this year we are opening two new village centre main buildings, in Bell Block (New Plymouth) and Te Awa (Napier). These sites have already seen good levels of presales interest.

The Board of Directors ("the Board") has declared an interim dividend of 11.3 cents per share for the first half.

Village operations and care

In the last two years, our half year reports have had a heavy focus on our response to Covid-19 and keeping our residents and staff safe. The safety and health measures we took and the procedures we implemented have now been incorporated into our "living with Covid-19" business as usual practices.

It was exciting for us to be able to return to providing our much-enjoyed Summerset Sessions and village events and activities in person again. Our "Cooking with a Masterchef", "An Interview With...." and a "Summerset Sings" concert were all eagerly awaited and welcomed opportunities for our residents to interact together. These events also continued to be provided on our online platforms for other residents to enjoy at the same time as the live events or later at their leisure.

During uncertain times, the importance of safety, security and community, which a retirement village lifestyle provides, is heightened.

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Summerset Avonhead staff receive their COVID-19 response recognition award

This was particularly evident for our residents and staff, and their friends and families in those areas impacted by Cyclone Gabrielle. Our four Hawke's Bay villages became vibrant hubs for connecting, supporting and helping each other and their wider communities to recover during a time when contact with the outside world was exceedingly difficult.

The cyclone and its impacts were a demonstration of the resources a large company can bring to bear in a crisis situation. With power out for an extended period at our Summerset Palms (Te Awa) and Summerset in the Bay (Napier) villages, we brought in extra generators, staff from around the country and supplies by both helicopter and truck where necessary. Our kitchen staff provided hot meals every day for two weeks to residents at each of these villages and we set up Wi-Fi hotspots to enable residents to stay connected to their family and friends.

Bringing loved ones closer together was at the heart of a new "Holiday Home" initiative we started trialling in February. The trial involves three villages offering short-term accommodation exclusively for Summerset residents, families and friends within the village. It offers on-site convenience and best value for money for residents and their families in a fully furnished, comfortable, self-contained apartment. For the trial we have apartments available at our Hobsonville, Hastings and Richmond villages and it allows residents to travel and stay in familiar surroundings while also giving our residents the opportunity to host their family in their village. There has been a lot of demand and bookings so far and we intend to roll this out nationwide.

We continue to focus on providing high quality aged care for our residents already living in our care facilities and offering an ongoing continuum of care with guaranteed priority placement for our village residents.

Our care business saw occupancy for the first six months of this year at 92% in our developed villages.

Our care centre refurbishment programme continued to progress well in our Havelock North, Trentham and Levin villages, where extensive refurbishment work at all three villages will ensure our facilities meet the needs and expectations of our residents now and in the future. Outside of these villages, we continue to look at equipment and technology to make our care residents more comfortable and to help our staff be more efficient. This year we've commenced installing ceiling hoists above beds in all our care centres to help residents who cannot get in and out of bed on their own and have just completed our first rollout in Kenepuru. The ceiling hoists are far more comfortable and residents tell us they feel safer than the manual hoists.

Aged care sector operators continue to be very concerned about underfunding in the wider aged care sector. The population of New Zealanders over 85 is set to triple over the next 25 years, and in 2040 there will be 233,300 people aged 85-plus. At least an extra 40,000 aged residential care beds,



Summerset's new Mosgiel site



Our recently acquired Rolleston site

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including those providing hospital-level care, will be needed – doubling the industry's current capacity to 80,000.

The Government have recently increased the funding to aged care facilities via:

- an increase to reduce the pay disparity between Aged Residential Care and public hospital nurses. This is a fixed amount and is the same across all Territorial Local Authorities; and
- a five percent cost pressures uplift, added to the funding for nurses.

These increases are collectively expected to be just over 10%, and while this is a meaningful change it only largely covers the inflationary pressures we have faced over the last 12 months and does not systemically address the pressures the sector is under and the pay relativity challenges between funding for staff in aged care and staff in public hospitals.

With this in mind, Summerset will continue to focus on small high-quality facilities for our village residents and providing our continuum of care which is so important to many of them.

We can continue to provide care because we are a large business – however, our wider sector faces systemic challenges. The current funding model is pushing the industry backwards and there's no way we'll meet future demand.

Underfunding contributed to 1,000 aged care beds being permanently closed across New Zealand in the past year and we are acutely aware that with nowhere else to go our elderly will fall back on the public health system. With the cost of providing a day in hospital-level Aged Residential Care being $1,300 less than the cost of a day in a public hospital, the aged care sector is supplementing the public health system to the tune of $7 billion annually which is unfair and unsustainable.

To address this, we, along with a number of companies in the aged care industry, continue to support the New Zealand Aged Care Association ("NZACA") in their work to highlight the underfunding of aged care with government and policy makers. The NZACA released their latest campaign, the 'Domino Effect', in August - which highlights the far-reaching impacts that chronic underfunding of the aged residential care sector will have on all New Zealanders. If elderly New Zealanders can't get into aged care facilities they will end up staying in hospital, meaning people of all ages won't get access to surgeries and care as hospitals won't have the capacity.

The current situation is not sustainable, nor is it fair to New Zealanders.

Growth and development

Our design and consenting programme is very well positioned in both New Zealand and Australia and this continues well in 2023.

As a largely broadacre developer, we build our villas in stages, meaning that we have the ability to respond quickly to any change in demand, including making decisions around timing to start to build new villages and main buildings.

We also retain the ability to slow down or speed up the entry into Australia and we maintain very strong levels of product and geographic differentiation, building in 17 locations across New Zealand and Australia.

New Zealand

In New Zealand our development pipeline continues to grow and we're very pleased to announce two new land acquisitions at Mosgiel (Dunedin) and Rolleston (Christchurch).

The site in Mosgiel is 15km west of the Dunedin city centre and will complement our existing Dunedin village. Offering access to a high level of amenities and recreational areas with flat, open spaces, the site is also within 3km of Mosgiel town centre's vibrant shops, cafés, restaurants and monthly markets.

Rolleston, in the Selwyn District is in one of New Zealand's high growth areas, with Statistics New Zealand estimating Rolleston will see the highest population growth in New Zealand over the next 30 years The site is our sixth in the Canterbury region.

In the first half of this year, we gained consent for our Half Moon Bay development in east Auckland, and we are at various consenting stages for several other developments including applying for a consent fast track process for our Rotorua village.

We have now completed a strategic review of our Parnell village development and decided to sell the site. The economics of this village, while being strong over the longer term, would require a significant amount of up-front investment (funded through debt) throughout the development stage beyond what we feel is prudent in the current economic and property market climate.

We have been the top listed retirement village builder in New Zealand for several years and this year our build rate over the last 12 months has made us the second highest residential home builder in the country. We are proud to be providing high-quality warm homes at reasonable prices for retirees, and we have the capacity, the consents, and the construction team to continue to do so.


The first villas under construction at our Cranbourne North village, Victoria

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Australia

We are excited to soon introduce Australians to our high-quality integrated model of village living. We now have seven sites either proposed or in development in Victoria, giving us excellent capacity looking forward, with a land bank now over 2,100 units (including 466 care beds) and an aggregate project investment of $1 billion.

At our Cranbourne North village, construction is well underway with presales marketing having recently commenced and the first homes expected to be finished by the end of the year. Once complete, the village will provide a variety of purpose-built homes including two and three-bedroom independent living villas and townhouses, as well as serviced apartments for residents requiring extra support. There will also be extensive recreational amenities and aged care on-site offering options for residents in our aged care or memory care facility.

At the end of June, we received unanimous development plan approval for our Oakleigh South site from City of Monash Council. The Oakleigh South site is also our first inner suburban approval for a boutique medium-density village, and it is important to note that the up-front funding required to build this village is similar to our broadacre village model. We undertook extensive community engagement to ensure we developed a proposal that met the community needs and expectations and were pleased that the local community were supportive.

Our site in Chirnside Park was consented following a unanimous vote from the local council at the end of 2022 and we have since seen the first sod turned.

Construction

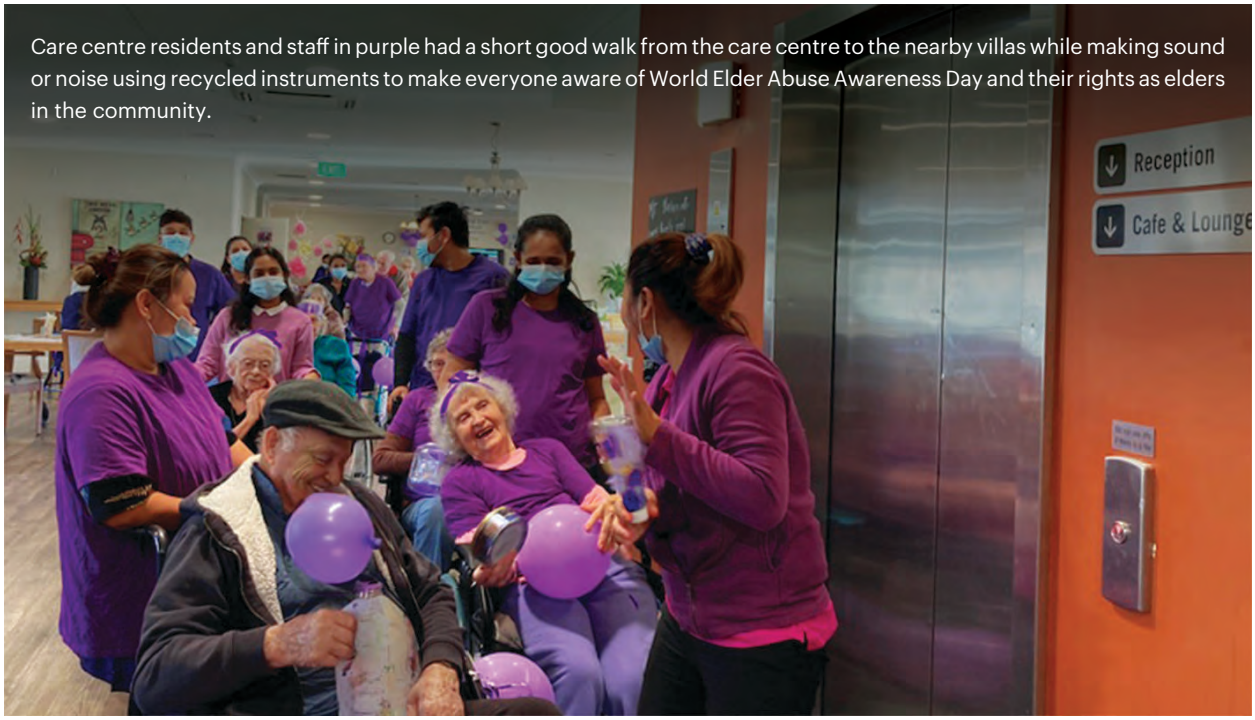
During the first half of 2023, we delivered 152 new homes and have made significant progress at a number of our sites including Rangiora, Blenheim and Papamoa.

At Boulcott, in Lower Hutt, we have delivered the first homes ready for residents to move in over the second half of the year, and at Waikanae (Kāpiti Coast) our sales villa was completed and presales commenced in June.

In Auckland, our St Johns village is taking shape with buildings being enclosed and roofed, with construction of other blocks progressing well.

Supply chain constraints that had plagued the building sector during Covid-19 have now eased, assisted by a slowdown in the broader residential construction market in general. The latter has also meant that there is an increased availability of construction staff.

It is paramount our sites are safe, and to this end we continue to use SiteWise pre-qualification as well as quarterly external Site Safe audits to check our performance against best practice. These measures are in addition to the extensive processes and practices we used to manage the health and safety of our residents and staff at our villages because of Covid-19, which are now part of standard business as usual practices.



Care centre residents and staff in purple had a short good walk from the care centre to the nearby villas while making sound or noise using recycled instruments to make everyone aware of World Elder Abuse Awareness Day and their rights as elders in the community.

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As noted in last year's annual report, sadly Marin Construction scaffolder, Michael Noche, died on our St Johns construction site in November last year. This was devastating for his family and colleagues. Since Michael's death we have run our own investigation and continue to enhance our worksite health and safety protocols to ensure we have the best systems and protections in place for the people building our villages. We also await the outcome of WorkSafe's investigation which will conclude later this year.

Our people

We strive to ensure we create a great place to work where people can thrive. We are committed to the protection and promotion of the health and wellbeing of all our staff so they can be at their best both at home and at work. Focussing on the priority areas of mental, physical, financial and workplace wellbeing, we have so far this year delivered resilience training and mental health awareness to frontline managers, through programmes including Mindfulness Month, Mental Health Awareness Week, the GoodYarn and MATES in Construction.

In March, we celebrated Frontliner Day which is dedicated to thanking all our hardworking frontline staff – nurses, therapists, office staff, property and gardening teams, food services teams, housekeepers, caregivers, activities coordinators and people leaders working in our villages. Heartfelt messages of gratitude for our frontliners were received from their colleagues, our residents and their families, and displayed front and centre in our villages to show appreciation for all that they do.

We've also launched a new monthly staff recognition programme "Surprise and Delight", that supports employees to nominate their peers for their exceptional day-to-day successes and achievements and that demonstrate our core values (one team, strong enough to care, strive to be the best). Surprise and Delight is designed to complement our annual Applause Awards - to allow our hardworking staff the opportunity to be recognised more regularly. Nominees go into the draw for prizes with approximately 40 on offer each month across every village, our construction business, and head offices.

Again in 2023 we have offered free Summerset shares to our staff to say thank you for their part in bringing the best of life to our residents. We provide eligible employees with $1,000 worth of Summerset shares at no cost, and the shares vest after employees have worked for us continuously for three years. We have just completed our eighth share offer, and the fifth tranche of shares (issued in 2020) will vest for over 600 staff this year.

Our place in the community

Summerset residents and staff are engaged and active in their communities, and we consider it is important to support initiatives that are local and of interest to each village. We have supported around 180 community groups, clubs and associations, such as bowling, bridge, golf, theatre groups and more throughout the country.

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This year we were also proud to sponsor the Dementia Hawke's Bay Matariki Charity Ball and Auction held in July. It's our way of recognising the support that Dementia Hawke's Bay provides to the community and by assisting to raise funds we know that they will be able to continue to expand current services and spread their support throughout the region.

Additionally, Summerset has national sponsorship partnerships with the following organisations:

- New Zealand Symphony Orchestra
- Netball New Zealand
- Wellington Free Ambulance
- Bowls New Zealand
- Dementia New Zealand
- Alzheimers New Zealand
- Hato Hone St John Therapy Pet Programme

Our commitment to sustainability

In April we published our Summerset Sustainability Review 2023, which outlines our progress on environmental, social and governance (ESG) management and performance over the last five years.

Our ambition is to develop, build and manage more sustainable retirement villages in both New Zealand and Australia. We are committed to providing a workplace where our people can grow and excel, to provide the best care for our most vulnerable residents, and to develop villages with the resident and their needs at the core of everything we do.

Over the last five years Summerset has significantly reduced our waste, become the first New Zealand retirement village operator to obtain sustainability linked lending, introduced a science-aligned emissions target, and joined the Climate Leaders Coalition. We have just completed the last year of our short-term goal which was set off our 2017 base.

The goal was to reduce our emissions intensity by 5% per million dollars of revenue – a target we're pleased to say we have overachieved with a 16% reduction.

One of our biggest areas of environmental focus has been waste reduction in our construction business. Our construction teams have worked extremely hard to identify where we can do better and have teamed up with Waste Management New Zealand to look at waste across our sites. This has seen 2,477 tonnes of waste diverted from landfill to date and has motivated us to review the entire building lifecycle from design, procurement of materials and pre-construction techniques, through to waste treatments.

In the embodied carbon space we are currently setting the baseline for our standard typologies to allow us to monitor and build lower carbon and energy efficient homes and look forward to reporting back on this in the future.

We have also installed solar photovoltaic panels at our Nelson and Karaka villages to power parts of the village. All our new village centre main buildings will have solar panels, starting with our Whāngarei village and we're looking at where we can retrofit them in other existing and developing villages.

We were recently announced winner of the Retirement Villages Association (RVA) Sustainability Awards in the operator-led category. Our entry centred on our Think Green programme and the huge amount of work we've done over the last five years to reduce our carbon emissions. The Think Green programme focused on reducing our environmental impact in the key areas of energy (electricity and gas), waste, paper, fertilisers and travel. A key achievement is the implementation of our construction waste avoidance programme which is delivering benefits right across the organisation. The judges of the award were looking for clearly measurable projects that demonstrate genuine benefits to residents and the community.

The judges were impressed with how much we'd learned, how we had embedded sustainability across the organisation, how we have taken residents on the journey with us, and our commitment to do more. We are delighted to be recognised by the industry for our work in this area.

Climate change and how companies respond and adapt has become a big focus for the government and investors. The government has introduced mandatory climate-related disclosure requirements for climate-reporting entities which include large publicly listed companies such as Summerset to publicly disclose from 1 January 2023.

We've made huge strides since we started our sustainability focus in integrating it into our strategy and work. We know there is a long way to go but we believe we are on the right track to meet our sustainability targets and comply with disclosure requirements. Summerset expects this to remain a constant focus both now and in the future.

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$87.2m

Underlying profit

Regulatory environment

Aspects of our industry and its practices have been under the spotlight, with the Commerce Commission announcing that they were launching an investigation into the retirement village sector, and the review of the Retirement Villages Act 2003 led by the Ministry of Housing and Urban Development.

The latter has released a discussion paper in August with submissions due in November 2023. We are considering our response but are pleased that our current business practices align with the vast majority of the recommendations in that discussion paper already.

For the Commerce Commission, there have been concerns that some operators' ORAs have been unfair and some of the advertising from the industry was potentially misleading, while the review of the Retirement Villages Act 2003 looks at a range of issues including consumer protection and the rights and responsibilities of residents and operators.

Like every industry around the country there are a range of practices between the different operators in the retirement village sector and some have terms that are fairer than others.

We are very comfortable with the services we offer and that we are not engaging in practices that disadvantage our residents. We do not charge weekly fees after our residents have vacated their units, we don't charge additional fees for maintenance or repairs and our advertising does not guarantee services which are subject to availability.

We have developed plain English, clear and fair contract terms and conditions for our residents. We work hard to make sure people joining our villages around the country have easy to understand contracts, and of course all residents must get independent legal advice before they join one of our villages.

We welcome these reviews especially where it requires operators to raise the bar if they are not already doing so.

Looking ahead

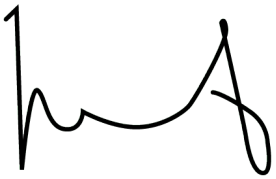
When Summerset was founded almost 26 years ago, our goal was to build 20 villages in 20 years. Now, with 39 villages completed or in development, a further six proposed sites in New Zealand, and another six proposed villages in Australia, we have a strong pipeline of growth ahead of us and every reason to feel confident about the future.

Our integrated care model has continued to play an important part in our business as the population ages – as does the innovative approach we take to giving residents choice, certainty and community.

We are optimistic about Summerset's ability to grow this year and beyond. Our results, during a very challenging economic environment, show that the demand and the core drivers for people wanting to enter our villages remain very strong. The comfort and security we offer elderly New Zealanders is highly prized and we believe that demand for this will grow.

As always, it is a pleasure to present this half year report to our investors. We will keep working hard to deliver financial results for shareholders, while also ensuring the standard of our retirement living and care services is at a level we can continue to be proud of.

We would like to thank our residents, their families, and our hard-working staff for everything they contribute towards making Summerset a wonderful place to live and work.



Mark Verbiest
Chair



Scott Scoullar
Chief Executive Officer

23 August 2023

Snapshot

Our people

7,600+
Residents

2,500+
Staff members

Our care

1,161
Care units
(which includes beds)
in portfolio

1,435
Care units
(Which includes beds)
in land bank in
New Zealand and Australia

Our portfolio

5,670
Retirement units

$6.3b
Total assets

6,060
Retirement
units
in land bank in
New Zealand
and Australia

39
Villages completed or
under development

483
Sales of
Occupation Rights

12
Greenfield sites

Our performance

$133.1m
Net profit after tax

$87.2m
Underlying profit

$146.7m
Operating cash flow

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Half Year Financial Highlights

	1H2023	1H2022	% Change	FY2022
Net profit before tax (NZ IFRS) ($000)	128,108	134,921	-5%	265,117
Net profit after tax (NZ IFRS) ($000)	133,061	134,639	-1%	269,072
Underlying profit ($000)[1]	87,155	82,463	5.7%	171,420
Total assets ($000)	6,298,019	5,375,178	17.2%	5,840,322
Net tangible assets (cents per share)	987.71	891.31	10.8%	943.93
Net operating cash flow ($000)	146,665	190,440	-23.0%	369,179

1 Underlying profit differs from NZ IFRS profit for the period

	1H2023	1H2022	% Change	FY2022
New sales of Occupation Rights	241	289	-16.6%	537
Resales of Occupation Rights	242	222	9.0%	470
Realised development margin ($000)	55,981	52,337	7.0%	104,869
Realised gains on resales ($000)	34,559	31,865	8.5%	70,191
New Occupation Right units delivered	152	223	-31.8%	625

Non-GAAP Underlying Profit

$000	1H2023	1H2022	% Change	FY2022
Profit for the period[1]	133,061	134,639	-1%	269,072
Less: fair value movement of investment property[1]	(131,493)	(136,660)	-4%	(268,757)
Add: impairment of assets[1]	-	-	-	-
Add: realised gain on resales	34,559	31,865	8.5%	70,191
Add: realised development margin	55,981	52,337	7.0%	104,869
(Less)/add: deferred tax (credit)/expense[1]	(4,953)	282	-1856.4%	(3,955)
Underlying profit	**87,155**	**82,463**	**5.7%**	**171,420**

1 Figure has been extracted from the financial statements

Underlying profit is a non-GAAP measure and differs from NZ IFRS profit for the period. Refer to Note 2 of the financial statements for definitions of the components of underlying profit.

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Financial statements

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Income Statement

For the six months ended 30 June 2023

	NOTE	6 MONTHS JUN 2023 UNAUDITED $000	6 MONTHS JUN 2022 UNAUDITED $000	12 MONTHS DEC 2022 AUDITED $000
Care fees and village services		77,509	68,709	144,631
Deferred management fees		49,810	43,903	92,332
Other income		928	1,525	1,749
Total revenue		**128,247**	**114,137**	**238,712**
Fair value movement of investment property	6	131,493	136,660	268,757
Total income		**259,740**	**250,797**	**507,469**
Operating expenses	3	(111,685)	(101,990)	(211,795)
Depreciation and amortisation expense		(7,348)	(6,614)	(13,597)
Total expenses		**(119,033)**	**(108,604)**	**(225,392)**
Operating profit before financing costs		**140,707**	**142,193**	**282,077**
Finance costs		(12,599)	(7,272)	(16,960)
Profit before income tax		**128,108**	**134,921**	**265,117**
Income tax credit/(expense)	4	4,953	(282)	3,955
Profit for the period		**133,061**	**134,639**	**269,072**
Basic earnings per share (cents)	10	57.31	58.51	116.66
Diluted earnings per share (cents)	10	57.20	58.36	116.36

The accompanying notes form part of these financial statements.

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Statement of Comprehensive Income

For the six months ended 30 June 2023

	6 MONTHS JUN 2023 UNAUDITED	6 MONTHS JUN 2022 UNAUDITED	12 MONTHS DEC 2022 AUDITED
	$000	$000	$000
Profit for the period	**133,061**	**134,639**	**269,072**
Fair value movement of interest rate swaps	(3,500)	21,705	30,272
Tax on items of other comprehensive income	1,024	(6,211)	(8,718)
Loss on translation of foreign currency operations	(1,010)	(1,565)	(68)
Other comprehensive income that will be reclassified subsequently to profit or loss for the period net of tax	**(3,486)**	**13,929**	**21,486**
Net revaluation of property, plant and equipment	-	-	4,566
Tax on items of other comprehensive income	-	-	(1,278)
Other comprehensive income that will not be reclassified subsequently to profit or loss for the period net of tax	**-**	**-**	**3,288**
Total comprehensive income for the period	**129,575**	**148,568**	**293,846**

The accompanying notes form part of these financial statements.

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Statement of Changes in Equity

For the six months ended 30 June 2023

	SHARE CAPITAL	HEDGING RESERVE	REVALUATION RESERVE	RETAINED EARNINGS	FOREIGN CURRENCY TRANSLATION RESERVE	TOTAL EQUITY
	$000	$000	$000	$000	$000	$000
As at 1 January 2022	**324,899**	**(2,705)**	**60,272**	**1,542,046**	**2**	**1,924,514**
Profit for the period	-	-	-	134,639	-	134,639
Other comprehensive income for the period	-	15,494	-	-	(1,565)	13,929
Total comprehensive income for the period	**-**	**15,494**	**-**	**134,639**	**(1,565)**	**148,568**
Dividends paid	-	-	-	(19,926)	-	(19,926)
Shares issued	9,364	-	-	-	-	9,364
Employee share plan option cost	(85)	-	-	-	-	(85)
As at 30 June 2022 (unaudited)	**334,178**	**12,789**	**60,272**	**1,656,759**	**(1,563)**	**2,062,435**
Profit for the period	-	-	-	134,433	-	134,433
Other comprehensive income for the period	-	6,060	3,288	-	1,497	10,845
Total comprehensive income for the period	**-**	**6,060**	**3,288**	**134,433**	**1,497**	**145,278**
Dividends paid	-	-	-	(24,724)	-	(24,724)
Shares issued	9,265	-	-	-	-	9,265
Employee share plan option cost	769	-	-	-	-	769
As at 31 December 2022 (audited)	**344,212**	**18,849**	**63,560**	**1,766,468**	**(66)**	**2,193,023**
Profit for the period	-	-	-	133,061	-	133,061
Other comprehensive income for the period	-	(2,476)	-	-	(1,010)	(3,486)
Total comprehensive income for the period	**-**	**(2,476)**	**-**	**133,061**	**(1,010)**	**129,575**
Dividends paid	-	-	-	(26,909)	-	(26,909)
Shares issued	9,281	-	-	-	-	9,281
Employee share plan option cost	1,628	-	-	-	-	1,628
As at 30 June 2023 (unaudited)	**355,121**	**16,373**	**63,560**	**1,872,620**	**(1,076)**	**2,306,598**

The accompanying notes form part of these financial statements.

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Statement of Financial Position

As at 30 June 2023

	NOTE	6 MONTHS JUN 2023 UNAUDITED $000	6 MONTHS JUN 2022 UNAUDITED $000	12 MONTHS DEC 2022 AUDITED $000
Assets				
Cash and cash equivalents		34,964	36,622	25,347
Trade and other receivables		40,544	63,163	36,727
Interest rate swaps		25,834	18,264	27,228
Asset held for sale	5	45,000	-	-
Property, plant and equipment		348,082	295,106	326,050
Intangible assets		8,346	6,851	7,251
Investment property	6	5,795,249	4,955,172	5,417,719
Total assets		**6,298,019**	**5,375,178**	**5,840,322**
Liabilities				
Trade and other payables		169,296	199,457	178,556
Employee benefits		23,846	21,143	27,565
Revenue received in advance		171,559	151,517	161,569
Interest rate swaps		9,894	6,483	10,299
Residents' loans	7	2,286,656	2,008,495	2,165,352
Interest-bearing loans and borrowings	8	1,293,814	886,156	1,060,494
Lease liability		14,929	11,688	15,970
Deferred tax liability	4	21,427	27,804	27,494
Total liabilities		**3,991,421**	**3,312,743**	**3,647,299**
Net assets		**2,306,598**	**2,062,435**	**2,193,023**
Equity				
Share capital		355,121	334,178	344,212
Reserves		78,857	71,498	82,343
Retained earnings		1,872,620	1,656,759	1,766,468
Total equity attributable to shareholders		**2,306,598**	**2,062,435**	**2,193,023**

The accompanying notes form part of these financial statements.

Authorised for issue on 22 August 2023 on behalf of the Board



Mark Verbiest
Director and Chair of the Board



Fiona Oliver
Director and Chair of the Audit and Risk Committee

Statement of Cash Flows

For the six months ended 30 June 2023

	6 MONTHS JUN 2023 UNAUDITED $000	6 MONTHS JUN 2022 UNAUDITED $000	12 MONTHS DEC 2022 AUDITED $000
Cash flows from operating activities			
Receipts from residents for care fees and village services	77,826	68,222	142,482
Interest received	929	93	413
Payments to suppliers and employees	(113,167)	(94,322)	(206,871)
Receipts for residents' loans - new occupation right agreements	158,192	183,004	347,278
Net receipts for residents' loans - resales of occupation right agreements	22,885	33,443	85,877
Net cash flow from operating activities	**146,665**	**190,440**	**369,179**
Cash flows to investing activities			
Sale of investment property	-	6,335	6,335
Payments for investment property:			
- land	(53,847)	(72,836)	(185,469)
- construction of retirement units and village facilities	(215,853)	(157,966)	(385,096)
- refurbishment of retirement units and village facilities	(7,727)	(4,817)	(9,727)
Payments for property, plant and equipment:			
- construction of care centres	(24,495)	(19,385)	(42,819)
- refurbishment of care centres	(370)	(677)	(1,246)
- other	(4,581)	(3,517)	(7,580)
Payments for intangible assets	(1,331)	(283)	(1,908)
Capitalised interest paid	(23,901)	(13,826)	(24,235)
Net cash flow to investing activities	**(332,105)**	**(266,972)**	**(651,745)**
Cash flows from financing activities			
Net proceeds from borrowings	51,871	122,481	342,207
Proceeds from issue of retail bonds	175,000	-	-
Proceeds from issue of shares	-	1,633	1,633
Interest paid on borrowings	(12,988)	(6,306)	(14,258)
Payments in relation to lease liabilities	(1,178)	(946)	(1,920)
Dividends paid	(17,743)	(12,221)	(28,166)
Net cash flow from financing activities	**194,962**	**104,641**	**299,496**
Net increase in cash and cash equivalents	9,522	28,109	16,930
Cash and cash equivalents at beginning of period	25,347	8,422	8,422
Foreign currency translation adjustment	95	91	(5)
Cash and cash equivalents at end of period	**34,964**	**36,622**	**25,347**

The accompanying notes form part of these financial statements.

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Reconciliation of Operating Results and Operating Cash Flows

For the six months ended 30 June 2023

	6 MONTHS JUN 2023 UNAUDITED $000	6 MONTHS JUN 2022 UNAUDITED $000	12 MONTHS DEC 2022 AUDITED $000
Profit for the period	**133,061**	**134,639**	**269,072**
Adjustments for:			
Depreciation and amortisation expense	7,348	6,614	13,597
Fair value movement of investment property	(131,493)	(136,660)	(268,757)
Finance costs paid	12,599	7,272	16,960
Gain on sale of investment property	-	(1,336)	(1,336)
Income tax (credit)/expense	(4,953)	282	(3,955)
Deferred management fees amortisation	(49,810)	(43,903)	(92,332)
Employee share plan option cost	1,744	1,315	1,196
Other non-cash items	31	(8)	(26)
	(164,534)	**(166,424)**	**(334,653)**
Movements in working capital			
Net increase in trade and other receivables	(5,684)	(546)	(8,371)
Net (decrease)/increase in employee benefits	(3,795)	(475)	5,985
Net increase in trade and other payables	6,083	7,368	5,485
Net increase in residents' loans net of non-cash amortisation	181,534	215,878	431,661
	178,138	**222,225**	**434,760**
Net cash flow from operating activities	**146,665**	**190,440**	**369,179**

The accompanying notes form part of these financial statements.

Notes to the financial statements

For the six months ended 30 June 2023

1. Summary of accounting policies

The consolidated interim financial statements presented for the six months ended 30 June 2023 are for Summerset Group Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group"). The Group develops, owns and operates integrated retirement villages.

Summerset Group Holdings Limited is registered in New Zealand under the Companies Act 1993 and is an FMC Reporting Entity for the purposes of the Financial Markets Conduct Act 2013. The Company is listed on the New Zealand Stock Exchange (NZX), being the Company's primary exchange, and is listed on the Australian Securities Exchange (ASX) as a foreign exempt listing.

The consolidated interim financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand (NZ GAAP), except for Note 2: Non-GAAP underlying profit, which is presented in addition to NZ GAAP compliant information. NZ GAAP in this instance being New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) as appropriate for profit-oriented entities. These consolidated interim financial statements also comply with NZ IAS 34 – *Interim Financial Reporting* and IAS 34 – *Interim Financial Reporting*, and are prepared in accordance with the Financial Markets Conduct Act 2013.

The consolidated interim financial statements for the six months ended 30 June 2023 are unaudited and have been the subject of review by the auditor, pursuant to NZ SRE 2410 (Revised) *Review of Financial Statements Performed by the Independent Auditor of the Entity*, issued by the External Reporting Board. They are presented in New Zealand dollars, which is the Company's and its New Zealand subsidiaries' functional currency. The functional currency of the Company's Australian subsidiaries is Australian dollars. All financial information has been rounded to the nearest thousand, unless otherwise stated.

These consolidated interim financial statements have been prepared using the same accounting policies as, and should be read in conjunction with, the Group's financial statements for the year ended 31 December 2022.

Segment reporting

The Group operates in one industry, being the provision of integrated retirement villages. The services provided across all of the Group's villages are similar, as are the type of customer and the regulatory environment. The chief operating decision makers, the Chief Executive Officer and the Board, review the operating results of the Group as a whole on a regular basis. On this basis, the Group has one reportable segment, and the Group results are the same as the results of the reportable segment. All resource allocation decisions across the Group are made to optimise the consolidated Group's result.

The Group continues to proceed with its expansion into Australia with seven sites purchased to date. These sites are either currently being, or will be, developed into retirement villages. To date the activities in Australia have been immaterial to the Group and so are not reported as a separate operating segment as at 30 June 2023.

Te Whatu Ora is a significant customer of the Group, as the Group derives care fee revenue in respect of eligible government subsidised aged care residents. Fees earned from Te Whatu Ora for the period ended 30 June 2023 amounted to $18.9 million (Jun 2022: $19.0 million, Dec 2022: $36.1 million). No other customers individually contribute a significant proportion of the Group revenue. All revenue is earned in New Zealand, apart from a small amount of interest income earned in Australia.

Comparative information

No comparatives have been restated in the current period.

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2. Non-GAAP underlying profit

	Ref	6 MONTHS JUN 2023 UNAUDITED $000	6 MONTHS JUN 2022 UNAUDITED $000	12 MONTHS DEC 2022 AUDITED $000
Profit for the period		133,061	134,639	269,072
Less fair value movement of investment property	a)	(131,493)	(136,660)	(268,757)
Add impairment of assets	b)	-	-	-
Add realised gain on resales	c)	34,559	31,865	70,191
Add realised development margin	d)	55,981	52,337	104,869
(Less)/add deferred tax (credit)/expense	e)	(4,953)	282	(3,955)
Underlying profit		**87,155**	**82,463**	**171,420**

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. Underlying profit is a measure that the Group uses consistently across reporting periods. Underlying profit is used to determine the dividend pay-out to shareholders.

This statement presented is for the Group, prepared in accordance with the Basis of preparation: underlying profit described below.

Basis of preparation: underlying profit

Underlying profit is determined by taking profit for the period determined under NZ IFRS, adjusted for the impact of the following:

a) Less fair value movement of investment property: reversal of investment property valuation changes recorded in NZ IFRS profit for the period, which comprise both realised and non-realised valuation movements. This is reversed and replaced with realised development margin and realised resale gains during the period, effectively removing the unrealised component of the fair value movement of investment property.

b) Less reversal of impairment on assets / add impairment of assets: remove the impact of non-cash care centre valuation changes recorded in NZ IFRS profit for the period. Care centres are valued annually, with fair value gains flowing through to the revaluation reserve unless the gain offsets a previous impairment to fair value that was recorded in NZ IFRS profit for the period. Where there is any impairment of a care centre, or reversal of a previous impairment that impacts NZ IFRS profit for the period, this is eliminated for the purposes of determining underlying profit.

c) Add realised gain on resales: add the realised gains across all resales of occupation rights during the period. The realised gain for each resale is determined to be the difference between the licence price for the previous occupation right for a unit and the occupation right resold for that same unit during the period. Realised resale gains are a measure of the cash generated from increases in selling prices of occupation rights to incoming residents, less cash amounts repaid to vacated residents for the repayment of the price of their refundable occupation right purchased in an earlier period, with the recognition point being the cash settlement. Realised resale gains exclude deferred management fees and refurbishment costs.

d) Add realised development margin: add realised development margin across all new sales of occupation rights during the period, with the recognition point being the cash settlement. Realised development margin is the margin earned on the first time sale of an occupation right following the development of a unit. The margin for each new sale is determined to be the licence price for the occupation right, less the cost of developing that unit.
Components of the cost of developing units include directly attributable construction costs and a proportionate share of the following costs:

- Infrastructure costs
- Land cost on the basis of the purchase price of the land
- Interest during the build period
- Head office costs directly related to the construction of units

All costs above include non-recoverable GST

Development margin excludes the costs of developing common areas within the retirement village (including a share of the

Notes to the financial statements (continued)

proportionate costs listed above). This is because these areas are assets that support the sale of occupation rights for not just the new sale, but for all subsequent resales. It also excludes the costs of developing care centres.
Where costs are apportioned across more than one asset, the apportionment methodology is determined by considering the nature of the cost.
Where a unit not previously sold under occupation right agreement is converted to a unit sold under occupation right agreement, realised development margin recognised on the new sale of these units includes the following costs:

- Conversion costs
- A fair value apportionment reflecting the value of the property immediately prior to conversion

e) (Less)/add deferred tax (credit)/expense: reversal of the impact of deferred taxation.

Underlying profit does not include any adjustments for abnormal items or fair value movements on financial instruments that are included in NZ IFRS profit for the period.

3. Operating expenses

	6 MONTHS JUN 2023 UNAUDITED $000	6 MONTHS JUN 2022 UNAUDITED $000	12 MONTHS DEC 2022 AUDITED $000
Employee expenses	68,703	61,682	132,937
Property-related expenses	12,374	10,105	22,479
Repairs and maintenance expenses	4,561	3,548	7,771
Other operating expenses	26,047	26,655	48,608
Total operating expenses	**111,685**	**101,990**	**211,795**

4. Income tax

Tax expense comprises current and deferred tax, calculated using the tax rate enacted or substantively enacted at balance date and any adjustment to tax payable in respect of prior years. Tax expense is recognised in the income statement, except when it relates to items recognised directly in the statement of comprehensive income, in which case the tax expense is recognised in the statement of comprehensive income.

Deferred tax expense is recognised in respect of temporary differences between the carrying amounts of assets and liabilities in the financial statements and the amounts used for taxation purposes. A deferred tax asset is recognised only to the extent that it is probable it will be utilised. Temporary differences for the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, unless they arise from business combination, are not provided for.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

a) Income tax recognised in the income statement

	6 MONTHS JUN 2023 UNAUDITED $000	6 MONTHS JUN 2022 UNAUDITED $000	12 MONTHS DEC 2022 AUDITED $000
Tax expense comprises:			
Deferred tax relating to the origination and reversal of temporary differences	(4,953)	282	(3,955)
Total tax (credit)/expense reported in income statement	**(4,953)**	**282**	**(3,955)**

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The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:

	6 MONTHS JUN 2023 UNAUDITED		6 MONTHS JUN 2022 UNAUDITED		12 MONTHS DEC 2022 AUDITED	
	$000	%	$000	%	$000	%
Profit before income tax	**128,108**		**134,921**		**265,117**	
Income tax using the corporate tax rate	35,870	28.0%	37,778	28.0%	74,233	28.0%
Capitalised interest	(6,240)	(4.9%)	(2,815)	(2.1%)	(7,138)	(2.7%)
Other non-deductible expenses	232	0.2%	95	0.1%	348	0.1%
Non-assessable investment property revaluations	(38,140)	(29.8%)	(34,130)	(25.3%)	(70,917)	(26.7%)
Other	3,325	2.6%	(646)	(0.5%)	(560)	(0.2%)
Prior period adjustments	-	0.0%	-	0.0%	79	0.0%
Total income tax (credit)/expense	**(4,953)**	**(3.9%)**	**282**	**0.2%**	**(3,955)**	**(1.5%)**

The Group tax losses are as follows:

	6 MONTHS JUN 2023 UNAUDITED	6 MONTHS JUN 2022 UNAUDITED	12 MONTHS DEC 2022 AUDITED
	$000	$000	$000
Tax losses available	522,314	395,716	450,670
Tax effected	146,905	111,212	126,662
Unrecognised tax losses	3,375	-	-

(b) Amounts charged or credited to other comprehensive income

	6 MONTHS JUN 2023 UNAUDITED	6 MONTHS JUN 2022 UNAUDITED	12 MONTHS DEC 2022 AUDITED
	$000	$000	$000
Tax expense comprises:			
Net gain on revaluation of property, plant and equipment	-	-	1,278
Fair value movement of interest rate swaps	(1,024)	6,211	8,718
Total tax (credit)/expense reported in statement of comprehensive income	**(1,024)**	**6,211**	**9,996**

(c) Amounts charged or credited directly to equity

	6 MONTHS JUN 2023 UNAUDITED	6 MONTHS JUN 2022 UNAUDITED	12 MONTHS DEC 2022 AUDITED
	$000	$000	$000
Tax expense comprises:			
Deferred tax relating to employee share option plans	(90)	1,375	1,517
Total tax (credit)/expense reported directly in equity	**(90)**	**1,375**	**1,517**

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Notes to the financial statements (continued)

(d) Imputation credit account

There were no imputation credits received or paid during the half year and the balance at 30 June 2023 is nil (Jun 2022 and Dec 2022: nil).

(e) Deferred tax

Movement in the deferred tax balance comprises:

	BALANCE 1 JAN 2023	RECOGNISED IN INCOME	RECOGNISED DIRECTLY IN EQUITY	RECOGNISED IN OCI*	BALANCE 30 JUN 2023 UNAUDITED
	$000	$000	$000	$000	$000
Property, plant and equipment	30,321	45	-	-	30,366
Investment property	54,435	2,086	-	-	56,521
Revenue in advance	66,159	9,175	-	-	75,334
Interest rate swaps	7,717	-	-	(1,024)	6,693
Income tax losses not yet utilised	(126,662)	(16,868)	-	-	(143,530)
Other items	(4,476)	609	(90)	-	(3,957)
Net deferred tax liability	**27,494**	**(4,953)**	**(90)**	**(1,024)**	**21,427**

	BALANCE 1 JAN 2022	RECOGNISED IN INCOME	RECOGNISED DIRECTLY IN EQUITY	RECOGNISED IN OCI*	BALANCE 30 JUN 2022 UNAUDITED
	$000	$000	$000	$000	$000
Property, plant and equipment	28,896	(233)	-	-	28,663
Investment property	42,664	8,025	-	-	50,689
Revenue in advance	49,465	8,211	-	-	57,676
Interest rate swaps	(1,001)	-	-	6,211	5,210
Income tax losses not yet utilised	(95,779)	(15,433)	-	-	(111,212)
Other items	(4,309)	(288)	1,375	-	(3,222)
Net deferred tax liability	**19,936**	**282**	**1,375**	**6,211**	**27,804**

	BALANCE 1 JAN 2022	RECOGNISED IN INCOME	RECOGNISED DIRECTLY IN EQUITY	RECOGNISED IN OCI*	BALANCE 31 DEC 2022 AUDITED
	$000	$000	$000	$000	$000
Property, plant and equipment	28,896	147	-	1,278	30,321
Investment property	42,664	11,771	-	-	54,435
Revenue in advance	49,465	16,694	-	-	66,159
Interest rate swaps	(1,001)	-	-	8,718	7,717
Income tax losses not yet utilised	(95,779)	(30,883)	-	-	(126,662)
Other items	(4,309)	(1,684)	1,517	-	(4,476)
Net deferred tax liability	**19,936**	**(3,955)**	**1,517**	**9,996**	**27,494**

** Other comprehensive income*

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5. Asset held for sale

Following a review of the Group's land portfolio, land at Parnell in Auckland is being held for sale. The land is being actively marketed for sale and a sale is expected to take place within 12 months. The land is being held at its fair value less costs to sell. The fair value of the land at 30 June 2023 was determined by independent registered valuers Jones Lang LaSalle Limited ("JLL") using the direct comparison approach.

6. Investment property

	6 MONTHS JUN 2023 UNAUDITED $000	6 MONTHS JUN 2022 UNAUDITED $000	12 MONTHS DEC 2022 AUDITED $000
Balance at beginning of period	5,417,719	4,580,196	4,580,196
Additions	286,611	235,949	573,389
Transfer to asset held for sale	(45,000)	-	-
Disposals	-	(4,999)	(4,999)
Fair value movement	131,493	136,660	268,757
Foreign exchange movement	4,426	7,366	376
Total investment property	**5,795,249**	**4,955,172**	**5,417,719**

	6 MONTHS JUN 2023 UNAUDITED $000	6 MONTHS JUN 2022 UNAUDITED $000	12 MONTHS DEC 2022 AUDITED $000
Development land measured at fair value[1]	595,635	559,021	603,829
Retirement villages measured at fair value[2]	4,599,643	4,004,875	4,351,031
Retirement villages under development measured at cost	599,971	391,276	462,859
Total investment property	**5,795,249**	**4,955,172**	**5,417,719**

1 Included in development land is land that was acquired close to balance date. These pieces of land have been accounted for at fair value, which has been determined to be cost due to the proximity of the transaction to balance date. At 30 June 2023 the land at cost was $51.9 million (Jun 2022: $60.5 million, Dec 2022: $162.5 million).

2 Included in retirement villages measured at fair value is nil related to completed retirement units at cost, which reflects fair value due to the proximity of completion to balance date (Jun 2022: nil, Dec 2022: $45.0 million).

	6 MONTHS JUN 2023 UNAUDITED $000	6 MONTHS JUN 2022 UNAUDITED $000	12 MONTHS DEC 2022 AUDITED $000
Manager's net interest	3,368,793	2,818,499	3,116,800
Plus: revenue received in advance relating to investment property	169,232	149,882	159,694
Plus: liability for residents' loans relating to investment property	2,257,224	1,986,791	2,141,225
Total investment property	**5,795,249**	**4,955,172**	**5,417,719**

The Group is unable to reliably determine the fair value of the non-land portion of retirement villages under development at 30 June 2023 and therefore these are carried at cost. This equates to $600.0 million of investment property (Jun 2022: $391.3 million, Dec 2022: $462.9 million).

The fair value of investment property as at 30 June 2023 was determined by independent registered valuers CBRE Limited ("CBRE NZ") and JLL for villages and land in New Zealand and CBRE Valuations Pty Limited ("CBRE AU") for land in Australia. The fair value of the Group's investment property is determined on a semi-annual basis, based on market values, being the estimated amount for which

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Notes to the financial statements (continued)

a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

As required by NZ IAS 40 - *Investment Property*, the fair value as determined by the independent registered valuer is adjusted for assets and liabilities already recognised on the balance sheet which are also reflected in the discounted cash flow analysis.

To assess the fair value of the Group's interest in each New Zealand village, CBRE NZ and JLL have undertaken a discounted cash flow analysis to derive a net present value. The Group's development land has been valued by CBRE NZ using the direct comparison approach. A desktop valuation was completed as at 30 June 2023.

It is the valuers' view that the most pressing issues now facing the property market both nationally and globally are rising inflation and high interest rates. With these factors in mind, they advise a degree of caution should be exercised when relying upon the valuations.

Significant assumptions used by CBRE NZ and JLL in relation to the New Zealand investment property are included in the table below:

	6 MONTHS JUN 2023 UNAUDITED	6 MONTHS JUN 2022 UNAUDITED	12 MONTHS DEC 2022 AUDITED
Discount rate	13.5% - 16.5%	13.5% - 16.25%	13.5% - 16.5%
Growth rate (long-term nominal house price inflation rate)	0% - 3.5%	0% - 3.5%	0% - 3.5%
Average entry age of residents	73 years - 89 years	73 years - 89 years	73 years - 88 years
Stabilised departing occupancy periods of units	3.8 years - 8.8 years	3.7 years - 8.9 years	3.9 years - 8.6 years

Sites under development in Australia have been valued separately by CBRE AU under the same methodology as development land in New Zealand.

As the fair value of investment property is determined using inputs that are significant and unobservable, the Group has categorised investment property as Level 3 under the fair value hierarchy in accordance with NZ IFRS 13 – *Fair Value Measurement*.

Classification between investment property and property, plant and equipment

On initial recognition, the Group performs an assessment to determine whether a unit type should be classified as investment property or property, plant and equipment. The assessment is based on the significance of ancillary services provided to residents who occupy accommodation under an occupation right agreement. For the purposes of this assessment, the Group considers that portion of weekly fees that gives rise to a separate performance obligation for the Group, as ancillary services. In addition to a quantitative assessment, the business model (being the provision of accommodation) is considered when determining the classification of the property as either investment property or property, plant and equipment. Subsequent reclassification of unit types between investment property or property, plant and equipment, occur only when there has been a change in use.

Sensitivity analysis to significant changes in unobservable inputs within Level 3 of the hierarchy

To assess the market value of the Group's interest in a retirement village, CBRE NZ and JLL have undertaken a discounted cash flow analysis to derive a net present value.

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The sensitivities of the significant assumptions are shown in the table below:

	Adopted value[1]	Discount rate +50 bp	Discount rate -50 bp	Growth rates +50bp	Growth rates -50bp
30 June 2023					
Valuation ($000)	1,824,735				
Difference ($000)		(66,765)	72,095	112,030	(102,455)
Difference (%)		(3.7%)	4.0%	6.1%	(5.6%)
30 June 2022					
Valuation ($000)	1,633,375				
Difference ($000)		(45,645)	49,125	96,065	(88,320)
Difference (%)		(2.8%)	3.0%	5.9%	(5.4%)
31 December 2022					
Valuation ($000)	1,705,010				
Difference ($000)		(61,655)	66,100	102,685	(94,300)
Difference (%)		(3.6%)	3.9%	6.0%	(5.5%)

1 Completed units excluding unsold stock.

Other key components in determining the fair value of investment property are the average entry age of residents and the average occupancy of units. A significant decrease (increase) in the occupancy period of units would result in a significantly higher (lower) fair value measurement, and a significant increase (decrease) in the average entry age of residents would result in a significantly higher (lower) fair value measurement.

Security

At 30 June 2023, all investment property relating to registered retirement villages under the Retirement Villages Act 2003 are subject to a registered first mortgage in favour of the Statutory Supervisor to secure the Group's obligations to the occupation right agreement holders.

7. Residents' loans

	6 MONTHS JUN 2023 UNAUDITED $000	6 MONTHS JUN 2022 UNAUDITED $000	12 MONTHS DEC 2022 AUDITED $000
Balance at beginning of period	2,681,837	2,276,945	2,276,945
Net (payments)/receipts for residents' loans - resales of occupation right agreements	(566)	14,269	51,481
Receipts for residents' loans - new occupation right agreements	167,272	186,755	353,411
Total gross residents' loans	**2,848,543**	**2,477,969**	**2,681,837**
Deferred management fees and other receivables	(561,887)	(469,474)	(516,485)
Total residents' loans	**2,286,656**	**2,008,495**	**2,165,352**

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Notes to the financial statements (continued)

8. Interest-bearing loans and borrowings

		6 MONTHS JUN 2023 UNAUDITED $000	6 MONTHS JUN 2022 UNAUDITED $000	12 MONTHS DEC 2022 AUDITED $000
Repayable within 12 months				
Retail bond - SUM010	4.78%	100,000	-	100,000
Repayable after 12 months				
Secured bank loans	Floating	756,626	521,894	699,400
Retail bond - SUM010	4.78%	-	100,000	-
Retail bond - SUM020	4.20%	125,000	125,000	125,000
Retail bond - SUM030	2.30%	150,000	150,000	150,000
Retail bond - SUM040	6.59%	175,000	-	-
Total loans and borrowings at face value		**1,306,626**	**896,894**	**1,074,400**
Transaction costs for loans and borrowings capitalised:				
Opening balance		(4,260)	(5,096)	(5,096)
Capitalised during the period		(2,221)	-	(521)
Amortised during the period		847	684	1,357
Closing balance		(5,634)	(4,412)	(4,260)
Total loans and borrowings at amortised cost		**1,300,992**	**892,482**	**1,070,140**
Fair value adjustment on hedged borrowings		(7,178)	(6,326)	(9,646)
Carrying value of interest-bearing loans and borrowings		**1,293,814**	**886,156**	**1,060,494**

Further interest rate and loan disclosures below:

	6 MONTHS JUN 2023 UNAUDITED	6 MONTHS JUN 2022 UNAUDITED	12 MONTHS DEC 2022 AUDITED
Weighted average interest rate (including impact of interest rate swaps)	5.2%	3.0%	3.4%
Percentage of floating rate debt covered by swaps	73.1%	67.4%	78.1%

The secured bank loan facility at 30 June 2023 has a limit of approximately $1,160 million (Jun 2022: $1,110 million, Dec 2022: $1,160 million). This includes lending of the following:

Currency	Lending limit	Expiration
NZD	$310 million	November 2024
NZD	$50 million	September 2025
AUD	$130 million	September 2025
NZD	$315 million	September 2026
AUD	$185 million	September 2026
AUD	$170 million	September 2027

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The Group has issued four retail bonds listed on the NZDX:

ID	Amount	Maturity
SUM010	$100 million	11 July 2023
SUM020	$125 million	24 September 2025
SUM030	$150 million	21 September 2027
SUM040	$175 million	9 March 2029

Security

The banks loans and retail bonds rank equally with the Group's other unsubordinated obligations and are secured by the following securities held by a security trustee:

- a first-ranking registered mortgage over all land and permanent buildings owned (or leased under a registered lease) by each New Zealand-incorporated guaranteeing Group member that is not a registered retirement village under the Retirement Villages Act 2003;
- a second-ranking registered mortgage over the land and permanent buildings owned (or leased under a registered lease) by each New Zealand-incorporated guaranteeing Group member that is a registered retirement village under the Retirement Villages Act 2003 (behind a first-ranking registered mortgage in favour of the Statutory Supervisor);
- a first-ranking registered mortgage over all land and permanent buildings owned (or leased under a registered lease) by each Australian-incorporated guaranteeing Group member;
- a General Security Deed, which secures all assets of the New Zealand- incorporated guaranteeing Group members, but in respect of which the Statutory Supervisor has first rights to the proceeds of security enforcement against all assets of the registered retirement villages to which the security trustee is entitled;
- a General Security Deed, which secures all assets of the Australian-incorporated guaranteeing Group members; and
- a Specific Security Deed in respect of each marketable security of Summerset Holdings (Australia) Pty Limited, held by Summerset Holdings Limited.

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9. Financial Instruments

Exposure to credit, market and liquidity risk arises in the normal course of the Group's business. The Board adopts policies for managing each of these risks and there has been no change to the policies presented in the Group's financial statements for the six months ended 30 June 2023.

Fair values

The carrying amounts shown in the balance sheet approximate the fair value of the financial instruments, with the exception of retail bonds. Three of the four retail bonds, SUM010, SUM020 and SUM040 are designated in fair value hedge relationships, which means that any change in market interest rates results in a change in the fair value adjustment of that debt. The fair value of retail bonds is based on the price traded at on the NZX market as at balance date. The fair value of interest rate swaps is determined using inputs from third parties that are observable, either directly (i.e. as prices) or indirectly (i.e. derived from prices). Based on this, the Company and Group have categorised these financial instruments as Level 2 under the fair value hierarchy in accordance with NZ IFRS 13 – *Fair Value Measurement*.

10. Earnings per share and net tangible assets

Basic earnings per share

	6 MONTHS JUN 2023 UNAUDITED	6 MONTHS JUN 2022 UNAUDITED	12 MONTHS DEC 2022 AUDITED
Earnings ($000)	133,061	134,639	269,072
Weighted average number of ordinary shares for the purpose of earnings per share (in thousands)	232,183	230,119	230,656
Basic earnings per share (cents per share)	**57.31**	**58.51**	**116.66**

Notes to the financial statements (continued)

Diluted earnings per share

	6 MONTHS JUN 2023 UNAUDITED	6 MONTHS JUN 2022 UNAUDITED	12 MONTHS DEC 2022 AUDITED
Earnings ($000)	133,061	134,639	269,072
Weighted average number of ordinary shares for the purpose of diluted earnings per share (in thousands)	232,622	230,722	231,233
Diluted earnings per share (cents per share)	**57.20**	**58.36**	**116.36**

Number of shares (in thousands)

	6 MONTHS JUN 2023 UNAUDITED	6 MONTHS JUN 2022 UNAUDITED	12 MONTHS DEC 2022 AUDITED
Weighted average number of ordinary shares for the purpose of basic earnings per share	232,183	230,119	230,656
Weighted average number of ordinary shares issued under employee share plans	439	603	577
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**232,622**	**230,722**	**231,233**

At 30 June 2023, there were a total of 289,142 shares issued under employee share plans held by Summerset LTI Trustee Limited (Jun 2022: 472,310, Dec 2022: 557,242 shares).

Net tangible assets per share

	6 MONTHS JUN 2023 UNAUDITED	6 MONTHS JUN 2022 UNAUDITED	12 MONTHS DEC 2022 AUDITED
Net tangible assets ($000)	2,298,252	2,055,584	2,185,772
Shares on issue at end of period (basic and in thousands)	232,684	230,624	231,560
Net tangible assets per share (cents per share)	**987.71**	**891.31**	**943.93**

Net tangible assets are calculated as the total assets of the Group less intangible assets and less total liabilities. This measure is provided as it is commonly used for comparison between entities.

11. Dividends

On 23 March 2023, a dividend of 11.6 cents per ordinary share was paid to shareholders (2022: on 23 March 2022 a dividend of 8.6 cents per ordinary share was paid to shareholders and on 19 September 2022 a dividend of 10.7 cents per ordinary share was paid to shareholders).

A dividend reinvestment plan applied to the dividend paid on 23 March 2023 and 1,077,198 ordinary shares were issued in relation to the plan (2022: 688,127 ordinary shares were issued in relation to the plan for the 23 March 2022 dividend and 815,721 ordinary shares were issued in relation to the plan for the 19 September 2022 dividend).

12. Commitments and contingencies

Guarantees

As at 30 June 2023, the Group had the following guarantees in place:

- NZX Limited holds a guarantee in respect of the Group, as required by the NZX Listing Rules, for $75,000 (Jun 2022 and Dec 2022: $75,000).

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- Summerset Retention Trustee Limited holds guarantees in relation to retentions on construction contracts on behalf of the Group. As at 30 June 2023, $18.0 million was held for the benefit of the retentions beneficiaries (Jun 2022 and Dec 2022: $13.0 million).
- Auckland Transport holds a performance guarantee for $65,000 (Jun 2022 and Dec 2022: $65,000).
- Tauranga City Council holds a performance guarantee for nil (Jun 2022 and Dec 2022: $350,000).
- Quattro RE Limited holds a demand guarantee in relation to the lease of the office premises for $120,819 (Jun 2022: nil, Dec 2022: $120,819).
- Department of Transport (Melbourne) holds performance guarantees for $147,035 (Jun 2022 and Dec 2022: nil).

Capital commitments

At 30 June 2023, the Group had $84.1 million of capital commitments in relation to construction contracts (Jun 2022: $293.5 million, Dec 2022: $63.2 million).

Contingent liabilities

WorkSafe New Zealand is investigating a construction site fatality which occurred at the Group's St Johns site on 4 November 2022. This investigation is ongoing, and the Group is cooperating fully with this process. The directors of Summerset cannot reasonably estimate the adverse financial effect (if any) on the Group if the ongoing investigation is ultimately resolved against the Group's interests.

There were no other known material contingent liabilities at 30 June 2023.

13. Subsequent events

On 22 August 2023, the Directors approved an interim dividend of $26.3 million, being 11.3 cents per share. The dividend record date is 6 September 2023 with a payment date of 19 September 2023.

There have been no other events subsequent to 30 June 2023 that materially impact on the results reported.

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Independent Auditor's Review Report

To the Shareholders of Summerset Group Holdings Limited ("The Company") and its subsidiaries (together "The Group")

Conclusion

We have reviewed the interim financial statements of Summerset Group Holdings Limited ("the Company") and its subsidiaries (together "the Group") on pages 16 to 33 which comprise the statement of financial position as at 30 June 2023, and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the six month period ended on that date, and a summary of significant accounting policies and other explanatory information. Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements on pages 16 to 33 of the Group do not present fairly, in all material respects, the financial position of the Group as at 30 June 2023, and its financial performance and its cash flows for the six month period ended on that date, in accordance with New Zealand Equivalent to International Accounting Standard 34: *Interim Financial Reporting*.

This report is made solely to the Company's shareholders, as a body. Our review has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in a review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our review procedures, for this report, or for the conclusion we have formed.

Basis for Conclusion

We conducted our review in accordance with NZ SRE 2410 (Revised) *Review of Financial Statements Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's responsibilities for the review of the financial statements* section of our report. We are independent of the Group in accordance with the relevant ethical requirements in New Zealand relating to the audit of the annual financial statements, and we have fulfilled our other ethical responsibilities in accordance with these ethical requirements.

Ernst & Young provides other assurance and remuneration advisory services to the Group. Partners and employees of our firm may deal with the Group on normal terms within the ordinary course of trading activities of the business of the Group. We have no other relationship with, or interest in, the Group.

Directors' Responsibility for the Interim Financial Statements

The Directors are responsible, on behalf of the Entity, for the preparation and fair presentation of the interim financial statements in accordance with New Zealand Equivalent to International Accounting Standard 34: *Interim Financial Reporting* and for such internal control as the directors determine is necessary to enable the preparation of the interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Interim Financial Statements

Our responsibility is to express a conclusion on the interim financial statements based on our review. NZ SRE 2410 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the interim financial statements, taken as a whole, are not prepared in all material respects, in accordance with New Zealand Equivalent to International Accounting Standard 34: *Interim Financial Reporting*.

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A review of interim financial statements in accordance with NZ SRE 2410 (Revised) is a limited assurance engagement. We perform procedures, consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand) and consequently do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on those interim financial statements.

The engagement partner on the review resulting in this independent auditor's review report is Sam Nicolle.

Ernst & Young

Chartered Accountants
Wellington
22 August 2023

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1 *Proposed villages*

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1 *Proposed villages*

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Bank of New Zealand
National Australia Bank Limited
Commonwealth Bank of Australia
Westpac New Zealand Limited
Westpac Banking Corporation
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Bank of China Limited

Statutory Supervisor
Public Trust

Bond Supervisor
The New Zealand Guardian Trust
Company Limited

Share Registrar
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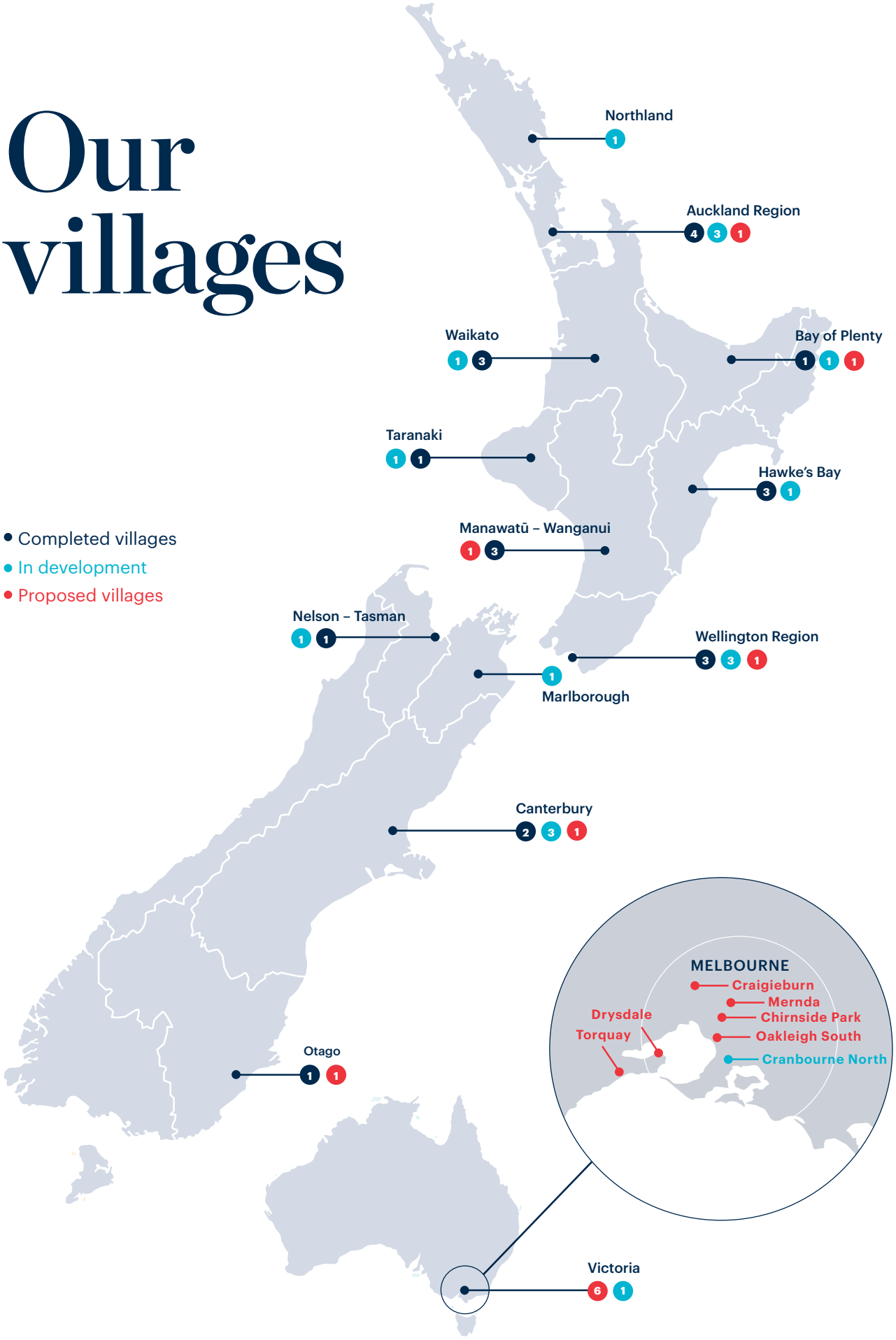
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Gráinne Troute
Dr Andrew Wong

Company Secretary
Robyn Heyman

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Our villages



- Completed villages
- In development
- Proposed villages

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Inside back cover: Our team take pride in maintaining beautiful gardens, like this one at Summerset's Avonhead village.



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Half year results presentation

Half Year Report 2023

Agenda

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01 Market conditions

02 Our highlights

03 Our strategy

04 Our community

05 New Zealand development

06 Australia development

07 Financial performance

08 Business performance

09 Appendix

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Market conditions

Half Year Report 2023

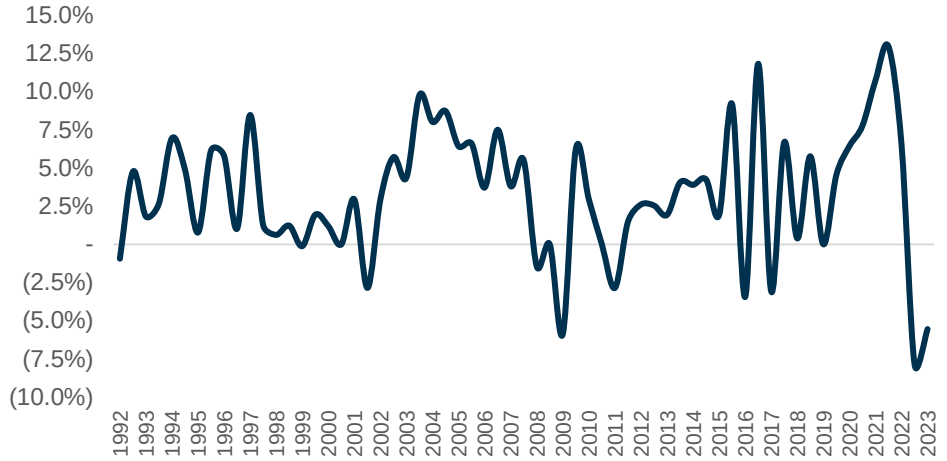
Market conditions

Summerset continues to perform well despite challenging market conditions over the past 18 months

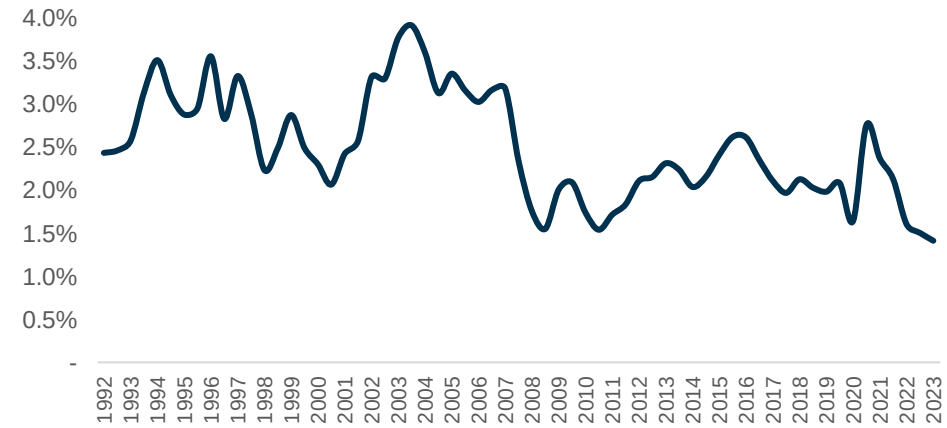
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- Summerset has operated under dynamic and challenging wider market conditions over the past 18 months
- This has included the COVID-19 pandemic and Omicron, subsequent staff shortages, underfunding of care, a high inflation environment and the impacts of Cyclone Gabriele
- These conditions have translated into a residential housing market with very little sales activity, and limited options for people wanting to sell their home in a timely manner
- As a business Summerset has performed well through these challenges, our villages achieving better sales results than the wider residential housing market, with total settlements consistently up around 55% from pre pandemic levels
- Overall, Summerset's attractiveness to prospective residents has been enhanced over the past 18 months. The sense of community, security and safety our villages provide are significant drawcards to prospective retirees
    - We see this in the excellent occupancy and resident satisfaction scores of our villages and care centres
- Our strong financial discipline also put us in a good position, our gearing ratio is 35.5% (28.9% with Australia growth related debt excluded), and we expect this to remain well within our target range of 30% to 40%
- We have no core debt and hold sufficient bank headroom to execute on our strategic growth objectives moving forward

Movement in median residential house price



Volume of residential sales as % of total housing stock



Funding and regulation

Inadequate funding of aged care continues to impact the sector and wider New Zealand healthcare system

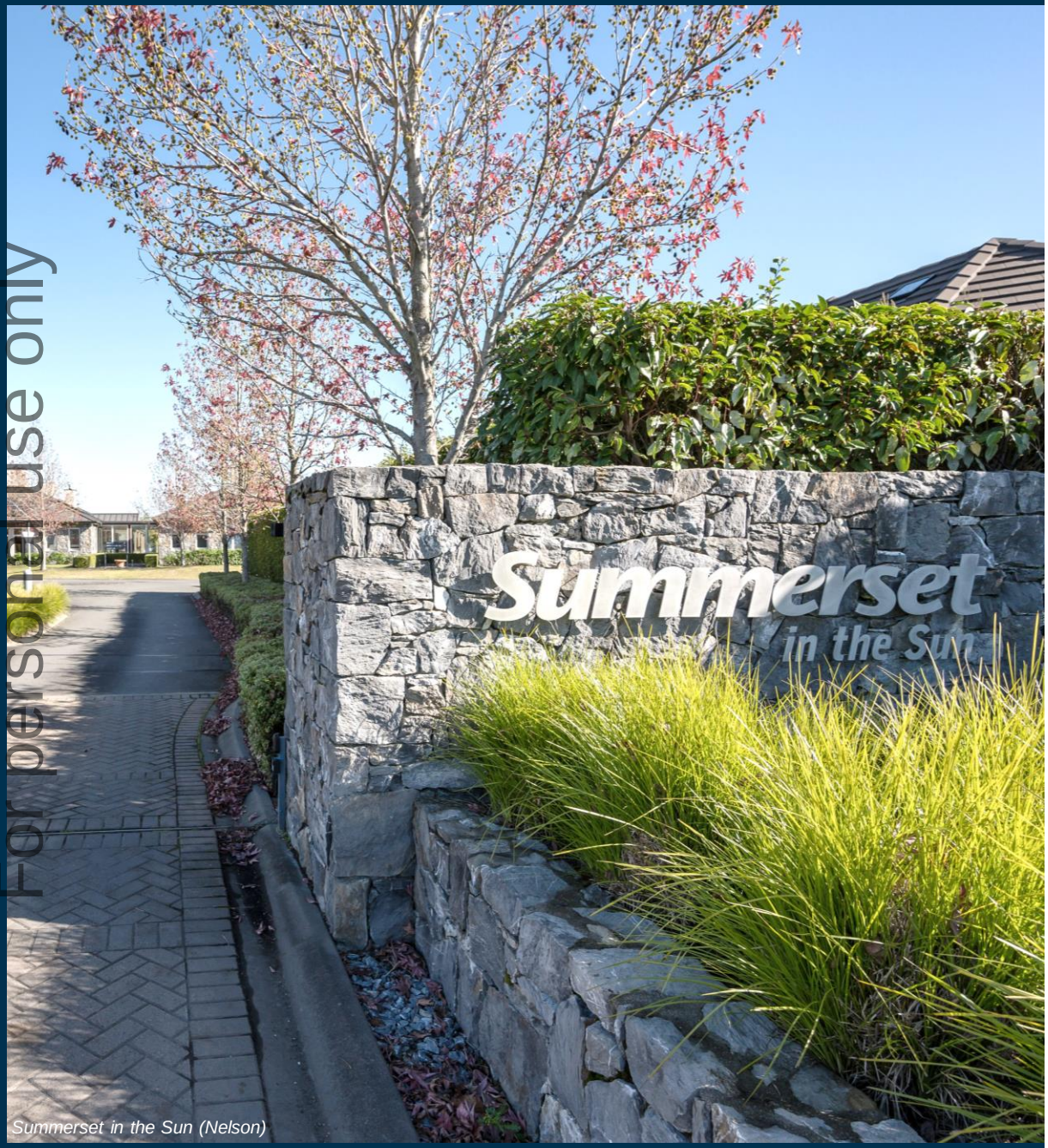
- Summerset, and all New Zealand aged care operators, continue to be concerned about underfunding in the wider aged care sector
- The Government recently announced a collective 10% increase to funding. This is a positive step, covering recent inflationary cost pressures, but does not address the pay relativity between staff in aged care and in public hospitals
- This underfunding contributed to more than 1,000 beds closing across New Zealand in 2022 - with nowhere else to go our elderly fall back on the public health system
- This situation is not sustainable, nor fair to New Zealanders, and we will continue to champion for better outcomes for all
- Summerset also supports the recent draft findings of the review into the Retirement Villages Act 2003
- Our business practices align with the vast majority of the recommendations within the report - we don't charge weekly fees after residents vacate their unit, we don't charge additional fees for maintenance or repairs and our advertising does not guarantee services which are subject to availability, and we also have plain English contracts that are easy to understand
- We are very comfortable with the services we offer and that we are not engaging in practices that disadvantage our residents





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Summerset in the Sun (Nelson)

Our highlights

Half Year Report 2023

1H23 investor highlights

Two new regional New Zealand sites announced, with underlying profit of $87.2m, up 6% on 1H22

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- Record first half underlying profit of $87.2m, up 6% from $82.5m in 1H22
- Record half year realised development margin of 34%, with $56.0m realised, up from $52.3m at 1H22
- Net profit after tax (NZ IFRS) of $133.1m, down 1% from $134.6m in 1H22
- Total assets now $6.3b, up 17% on 1H22, with total equity of $2.3b and net tangible assets per share of $9.88
- Total new and resale settlements of 483 Occupation Rights for 1H23, including a record quarter of 147 resales in Q2 2023
- Uncontracted new sale stock down 17% from FY22
- Two new sites announced in Mosgiel (Dunedin) and Rolleston (Canterbury)
- Expect a New Zealand build rate of approximately 625 to 675 units to be sold under Occupation Right in FY23
- Villa construction well underway at Cranbourne North (Melbourne) with first villas expected in Q4 2023



Summerset on the Landing (Kenepuru, Wellington)

Record first half underlying profit of $87.2m up 6% on 1H22

Uplift in underlying profit driven by strong development returns and growth in our core business

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$133.1m
Net profit after tax
1H22 $134.6m

$146.7m
Net operating cash flows
1H22 $190.4m

$87.2m
Underlying profit
1H22 $82.5m

33.5%
Development margin
1H22 28.0%

35.5%
Gearing ratio
1H22 29.4%

$1.5b
Embedded value
1H22 $1.5b

152
Total units delivered
1H22 223

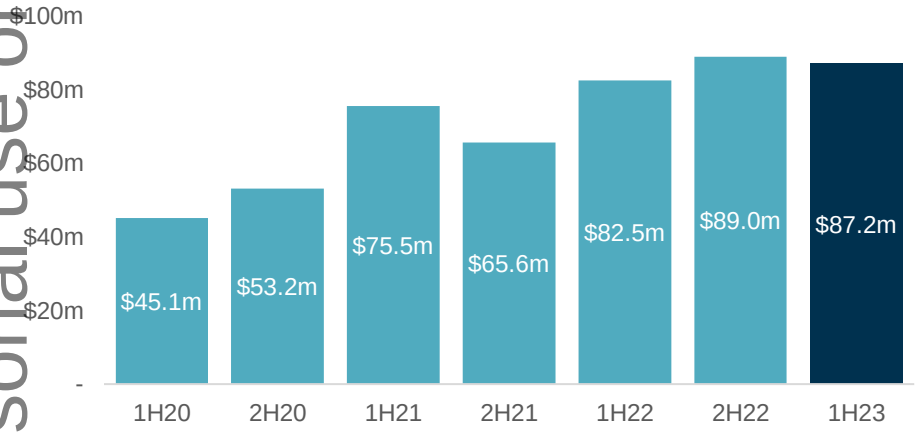
483
Sales of Occupation Rights
1H22 511

7,495
New Zealand and Australia land bank (including care)
1H22 6,947

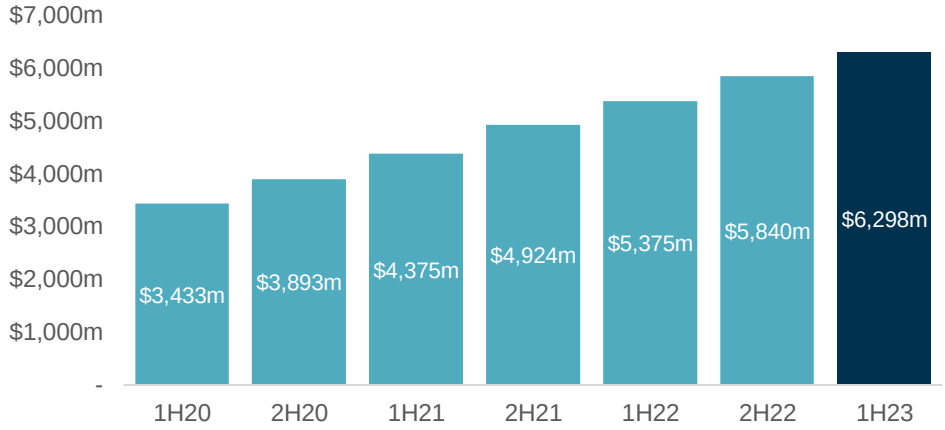
Record first half underlying profit of $87.2m up 6% on 1H22

Consistent asset growth over time continues to strengthen balance sheet

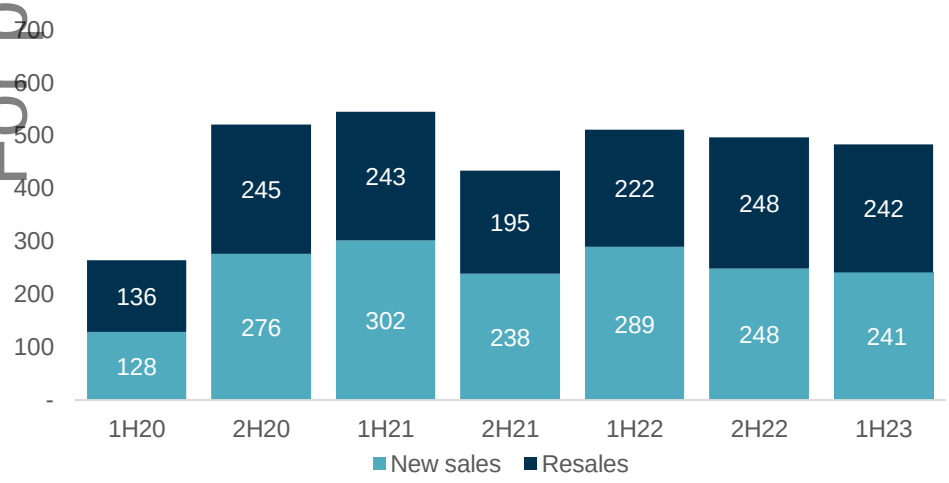
Underlying profit



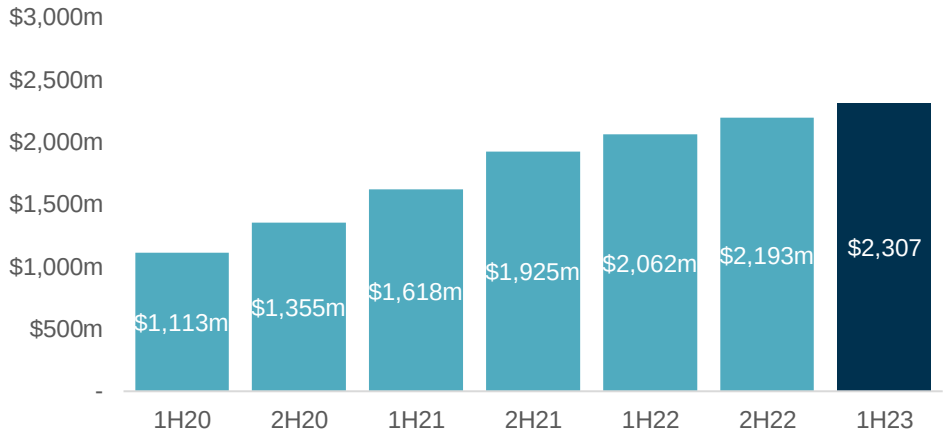
Total assets



Total settlements



Total equity



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Acquisitions

Two new sites acquired in New Zealand in 1H23, in Mosgiel and Rolleston

- Acquired two new sites in New Zealand, in Mosgiel (Dunedin) and Rolleston (Selwyn District)
- On completion the combined investment in the two sites will be in excess of $400 million
- Mosgiel will be Summerset's second site in Dunedin, a city that has a large population aged over 75 years who have limited options for retirement living
- Mosgiel is regarded as an aspirational retirement location for the people of Dunedin and Otago, with its open spaces and renowned microclimate
- Rolleston is New Zealand's fastest growing large town, with forecast growth of over 200% in the 75+ population over the next 15 years
- Rolleston's attractiveness is driven by its easy access to Christchurch, and position as the primary satellite town for the Selwyn District
- Both sites are well appointed with excellent amenities available to residents and they make strong additions to our land bank
- First deliveries on these sites are expected from FY26 onwards



Mosgiel, Dunedin

Approximately 285 independent homes

Rest home and hospital-level care

Memory care centre



Rolleston, Canterbury

Approximately 307 independent homes

Rest home and hospital-level care

Memory care centre

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Strategic update

Half Year Report 2023

Our strategy

Summerset builds, owns and operates integrated retirement villages, creating vibrant, happy communities for residents and staff that delivers on our purpose – bringing the best of life



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Our strategy

Summerset builds, owns and operates integrated retirement villages, creating vibrant, happy communities for residents and staff that delivers on our purpose – bringing the best of life

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BRINGING THE BEST OF LIFE

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



DELIVER NEW ZEALAND'S BEST RETIREMENT VILLAGES

We create **vibrant**, connected **communities** with skilled, **caring** and dedicated staff right across New Zealand. We want to **grow the reach** of our villages by making them available to more retirees in more locations throughout New Zealand



INVEST IN OUR PEOPLE

Summerset's people are vital to its success. We are **committed** to providing sustainable, meaningful career pathways and opportunities. We are **focused on the health, safety** and the wellbeing of our employees to ensure they can be at their **best** at work, and at home



CREATE ATTRACTIVE NEW PRODUCTS AND SERVICES

To match our customers' expectations we strive to create new products, amenities and services with a **continuum of care** at the heart of our offering. Our products are **tailored** to the needs of individual communities, but will always look to **exceed** the demands of customers who may want more



GROW IN AUSTRALIA

Summerset is **ambitious** about its **future** in Australia. We are excited to be taking our **established brand** of retirement village living into the Australian market - we plan to **deliver thriving communities**, grow our team, and expertise as we open villages in Victoria



BE A GOOD CORPORATE CITIZEN

We are proud of our **industry leading** approach to sustainability, making significant improvements in this space over the last five years. This is the start of our journey - we will **continue to focus** on finding new opportunities to better ourselves, utilise sustainable lending and meet our growing disclosure obligations



BE A MORE EFFICIENT AND EFFECTIVE BUSINESS

Technology will provide **significant opportunities** to make us more effective and efficient in how we deliver services to residents, without losing the **human touch and care** that we're known for. It will be used to make the **lives of our residents** simpler, giving them more time to enjoy retirement

ONE TEAM

STRONG ENOUGH TO CARE

STRIVE TO BE THE BEST

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Our community

Half Year Report 2023

Bringing the best of life

Bringing the best of life to residents and staff every day

- Our staff are the core of our business, we are very thankful for the work they do in supporting our residents to live our purpose – bringing the best of life
- Successfully trialled a suite of holiday homes offering short term accommodation for residents and their friends and family
  - Now available in Hobsonville, Richmond and Hastings with the programme to be extended in 2H23
- Reintroduced our in-person “Summerset Sessions” entertainment series, supported by recordings on our online platforms to be enjoyed by residents at their leisure
- Launched new education programme for residents on how to be aware of scams and frauds
- Lumin roll out progressing well - now in Kenepuru, Te Awa and Bell Block with six further villages to follow in 2H23
- Commenced the installation of ceiling hoists above beds in all care centres, giving staff the ability to assist residents with more comfortable and safe access to their bed
- Introduced art and dance therapy placements, starting at our Levin, Avonhead and Hobsonville villages
- Continue to grow our Construction Cadet programme, now have six cadets working to be fully trained Site Supervisors
- Launched a core leadership programme for our current, future and aspirational leaders across Summerset


Lumin technology









Summerset Sessions - live

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Our environment

Environmental performance and sustainability

- Summerset continues to be a market leader in sustainability within the retirement and aged care sector
- Our aim is to develop, build and manage more sustainable retirement villages in both New Zealand and Australia
- Achieved a 16% reduction in emissions intensity per million dollars of revenue against our 2017-2022 Toitū emissions target of 5%
  - Winner of Best Operator Led Initiative at the 2023 RVA Sustainability Awards for this result
- Confirmed Toitū net carbon zero status for 2023 and set new five-year science aligned targets through to 2027 which includes a scope 3 supply chain target
- In collaboration with Waste Management NZ we have reviewed waste across our sites, changing our practices and diverting 3,303 tonnes of waste from landfill to date
- Published our first Sustainability Review document summarising our sustainability progress over past five years
- Electric vehicle charge station roll out progressing well, all villages having these installed and available for residents' use
- Currently setting the baseline for embodied emissions in key unit typologies - this will enable us to build low carbon, energy efficient homes
- Installed solar panels at Nelson and Karaka to power parts of these villages. Commencing roll out of our main building solar panel installation in 2H23, starting at Richmond and Rototuna



EV charging stations




Solar panels at Summerset in the Sun, Nelson



A focus on construction waste reduction

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Community support

Promoting and supporting our communities

- Summerset actively supports a range of organisations that align with our brand and our values
- This year we are the proud sponsor of the Dementia Hawke's Bay Matariki Charity Ball and Auction
- Continue to provide support through partnerships with organisations in key areas important to our residents and their families. These include:
  - New Zealand Symphony Orchestra
  - Netball New Zealand
  - Wellington Free Ambulance
  - Bowls New Zealand
  - Dementia New Zealand
  - Alzheimers New Zealand
  - Hato Hone St John Therapy Pet Programme
- Our villages work with over 180 local community clubs, including bowls, golf, croquet, bridge and theatre groups


Bowls New Zealand


Hato Hone St John Therapy Pets



New Zealand Symphony Orchestra


Wellington Free Ambulance


Netball New Zealand

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Community support

Supporting our communities through over 180 local clubs and associations

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75 Bowls clubs

37 Golf clubs

27 Service organisations

13 Croquet clubs

8 Bridge clubs

7 Other sports clubs

4 Tennis clubs

4 Nature clubs

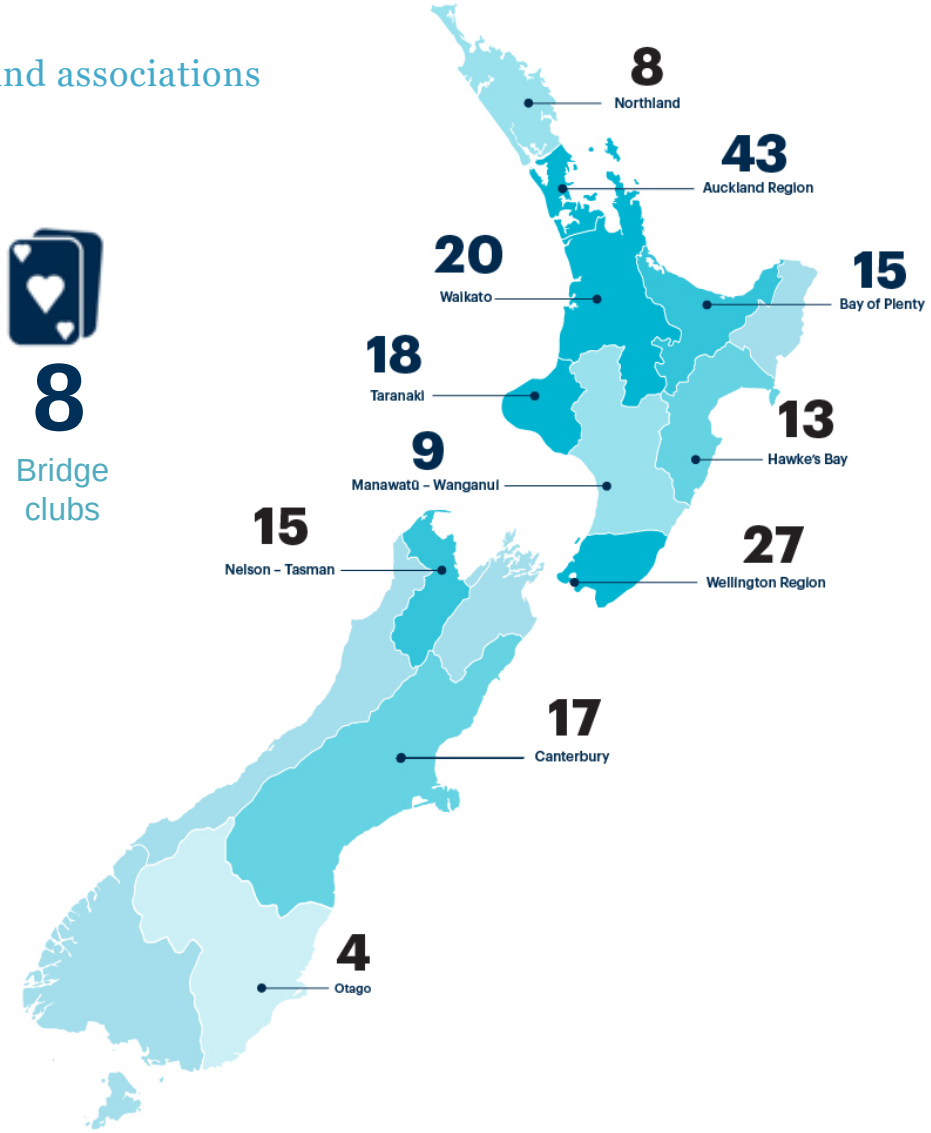
3 Indoor bowls clubs

3 Art and Music clubs

3 Age concern associations

3 Local clubs

2 Schools



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Summerset Richmond Ranges (Tasman District)

New Zealand development

Half Year Report 2023



Summerset Milldale (Auckland)



Summerset St Johns (Auckland)

Development activity

New Zealand summary

- In 1H23 we delivered 152 total units over nine sites
- Now have a total of 16 villages in construction across ten regions in New Zealand
- Summerset is now recognised as the second largest residential home builder in New Zealand*
- Sales villa now open at Waikanae and good progress made at our three new villages set to open in 2H23, at Milldale, Lower Hutt and Waikanae
- On track to deliver main buildings at Te Awa and Bell Block in 2H23 with Pāpāmoa to follow early in 2024
  - First residents moved into our recently completed main building at Kenepuru in February, almost 60% of all units already contracted or occupied
- Final units at Hobsonville and Kenepuru will be delivered in Q3 2023, completing these two highly successful villages
- Granted resource consent for the Half Moon Bay and St Johns extensions
- Received Minister's approval to use the Fast-track consent process for Rotorua
- FY23 New Zealand build rate of approximately 625 to 675 units to be sold under Occupation Right in FY23
  - Wider market conditions in 1H23 mean we expect to deliver at the lower end of this range to ensure prudent balance sheet and stock management

** Based on value of projects ($ millions), Business Desk, June 2023*

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Summerset Mt Denby (Whangārei)



Summerset at Monterey Park (Hobsonville, Auckland)



Summerset Cambridge (Waipā District)



Summerset at Pōhutukawa Place (Bell Block, New Plymouth)

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Summerset by the Dunes (Pāpāmoa Beach, Tauranga)



Site progress – June 2023

- 123 independent villas delivered
- Main building with 60 serviced apartments, 15 care suites, 21 care beds and 20 memory care apartments due 1H24
- Rest home and hospital level care to be provided within main building

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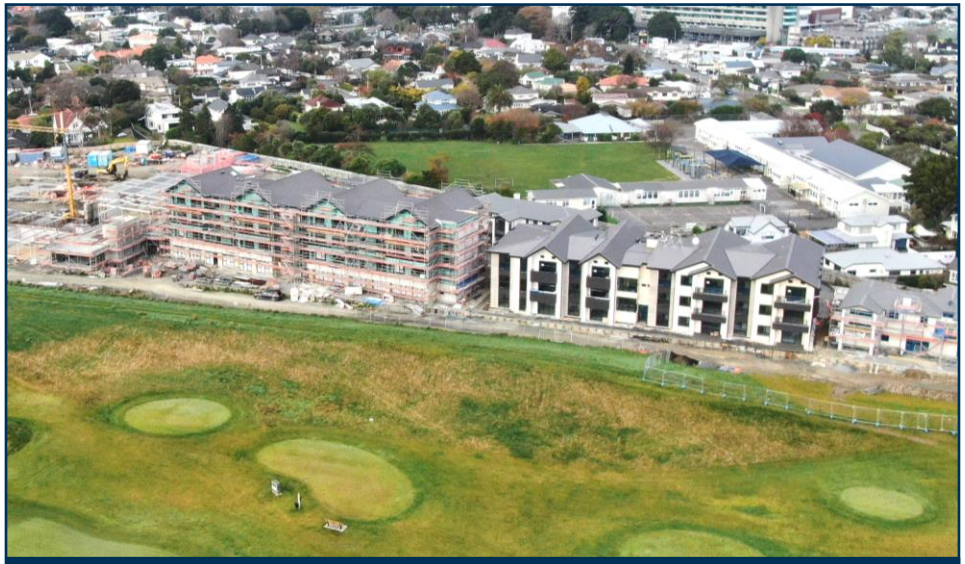
Summerset Palms (Te Awa, Napier)



Summerset Waikanae (Kāpiti Coast)



Summerset on the Landing (Kenepuru, Wellington)



Summerset Boulcott (Lower Hutt, Wellington)

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Summerset Richmond Ranges (Tasman)



Site progress – June 2023

182 independent villas delivered

Main building with 56 serviced apartments, 17 care suites, 26 care beds and 20 memory care apartments delivered

Rest home and hospital level care available

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Summerset Blenheim (Marlborough District)



Summerset Rangiora (Waimakariri District)



Summerset on Cavendish (Casebrook, Christchurch)



Summerset Prebbleton (Selwyn District)

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New Zealand development pipeline

Diversified development pipeline with 22 sites in 1H23



** New sites purchased in 1H23*

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Project cash profits

- Summerset developments produce positive net cash flows (net cash position) upon completion, this means they carry no debt once built
- The 16 villages currently under development in New Zealand are expected to return around $250.0m in positive net cash flows on completion
- These net cash flows represent the project cash profits from village development
  - They incorporate the land cost, ILU costs, recreation and administration facility costs, care centre costs, management fees (incl. a share of corporate overheads), interest costs and the first time sales proceeds for all units sold under Occupation Right
  - All expense and revenue inputs are updated regularly as part of our internal development management processes
- Villages in early-stage development are likely to experience at least one residential property cycle during construction, improving the net funding position significantly over the life of the project

16

NZ villages under construction

$250m+

Projected net cash position

Village	Development Stage	Forecast Capital Investment ($m)	Forecast Net Cash Position* ($m)
St Johns	Early stages		
Prebbleton	Mid stages		
Waikanae	Early stages		
Cambridge	Early stages	$200m+	$0m - $60m
Lower Hutt	Early stages		
Milldale	Early stages		
Whangārei	Mid stages		
Casebrook	Last stages		
Pāpāmoa Beach	Mid stages		
Richmond	Last stages		
Te Awa	Mid stages	$150m +	$5m - $40m
Bell Block	Mid stages		
Kenepuru	Last stages		
Rangiora	Early stages		
Blenheim	Early stages	$100m +	$0 - $5m
Hobsonville extension	Last stages	$40m +	$20m - $25m
Total NZ		**$3.2b - $3.5b**	**$250m +**

Avonhead and Rototuna removed from table since FY22, total net cash position relating to these two villages $46.1m

Project cash profits

- Our last eight villages to complete recycled around $162.2m of positive cash flow
- This is an average cash margin of 14.4%
- The two villages that completed in FY22, Avonhead and Rototuna, recycled a combined $46.1m from village development
- These positive net cash flows from development allow us to recycle capital for new projects, repay debt and distribute to shareholders through the payment of dividends

14.4%
Cash margin*

$162.2m
Project cash profit

Village	Type	Total units		Project cash profit	Cash Margin
		Retirement units	Care units		
Ellerslie	Mid rise	313	53	$29.6m	11.7%
Hobsonville**	Mid rise	250	52	$23.2m	14.6%
Warkworth Extension	Broadacre	79	-	$16.4m	42.0%
Karaka	Broadacre	241	50	$24.4m	23.0%
Katikati	Broadacre	186	27	$9.4m	15.0%
Rototuna	Broadacre	244	63	$20.1m	13.7%
Avonhead	Broadacre	244	63	$26.0m	18.8%
Wigram	Broadacre	212	49	$13.1m	16.7%
Total				**$162.2m**	**14.4%**

** Cash margin is the project cash profit divided by new sales receipts*
*** Excludes Hobsonville extension still under development*

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Show suite, Summerset Cranbourne North (Melbourne)

Australia development

Half Year Report 2023



Summerset Cranbourne North (Melbourne)



Site progress - Summerset Cranbourne North (Melbourne)

Development activity

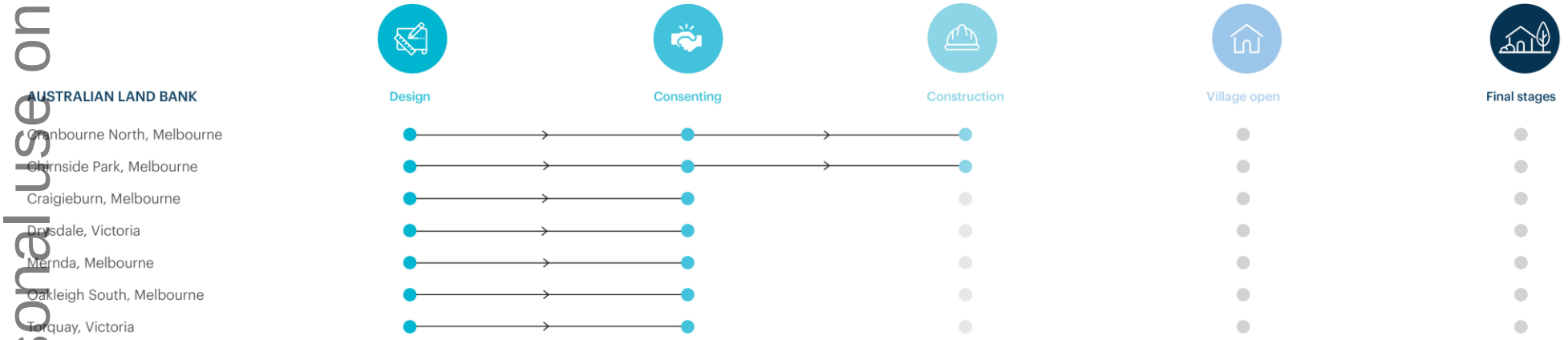
Australia summary

- Our expansion into Australia continues to show excellent progress
- Now have seven villages in planning and development across Victoria
- The current Australian pipeline gives us capacity to build over 2,100 units (including 450 beds)
- Construction works well underway at our first village at Cranbourne North with first villas on track to be delivered later this year
- Planning permit for Chirnside Park in place with enabling works to start on site in late 2023
- Development plan for Oakleigh South unanimously approved by Council in June 2023, construction expected to start in 2024
- Planning application processes well advanced for our sites at Craigieburn, Torquay, Mernda and Drysdale
- Summerset is a Commonwealth Government approved provider of both residential aged care and home care services in Australia

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Australia development pipeline

Now have seven villages in planning and development across Victoria



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Financial performance

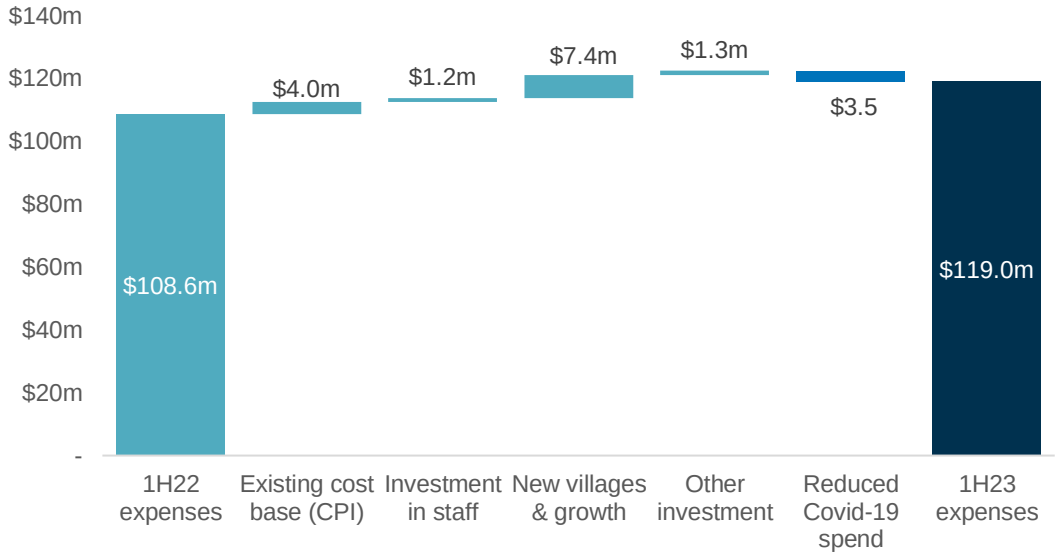
Half Year Report 2023

Reported profit (IFRS)

- IFRS NPAT of $133.1m, 1% down on 1H22
- Fair value movement of investment property of $131.5m
- Total revenue of $128.2m, up $14.1m (12%) relative to 1H22
- Total expenses of $119.0m, up $10.4m on 1H22 with 71% of the increase relating to growth
- Key movements in expenses include the following:
  - $7.4m due to growth in our developing villages, with almost 75% relating to new roles
  - $4.0m for inflationary cost pressures with over 60% directly related to wages, insurance, rates, and electricity
  - A $3.5m reduction in COVID-19 related expenditure
- The increase in net finance costs primarily relates to land settlements in the period and development in Australia

NZ$m	1H23	1H22	Variance	FY22
Total revenue	128.2	114.1	*12%*	238.7
Fair value movement of investment property	131.5	136.7	*(4%)*	268.8
Total income	**259.7**	**250.8**	***4%***	**507.5**
Total expenses	119.0	108.6	*10%*	225.4
Net finance costs	12.6	7.3	*73%*	17.0
Net profit before tax	**128.1**	**134.9**	***(5%)***	**265.1**
Tax expense / (credit)	(5.0)	0.3	*(1,856%)*	(4.0)
Net profit after tax	**133.1**	**134.6**	***(1%)***	**269.1**

Movement in total expenses: 1H22 vs 1H23



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Fair value movement

- 1H23 fair value movement of $131.5m, down 4% on 1H22, primarily due to fewer units delivered in the period
- Fair value movement has been driven by:
  - New units built ($79.0m): Value of new units delivered in 1H23
  - Unit pricing ($5.2m): Retirement unit price inflation on existing units within the portfolio
  - Stock discount assumptions: Reversal of previous discount applied to stock settled in 1H23 ($15.5m)
  - Discount rates ($8.9m): Change in assumptions used by the valuers
  - Movement in land bank (-$12.6m): Valuation movement on undeveloped land bank
  - Growth rate assumptions ($41.0m): Partial reversal to more standard short term growth rates within the valuation in line with the residential property market cycle
- Refer to the appendices (slide 62 and 63) for key assumptions associated with the investment property valuation

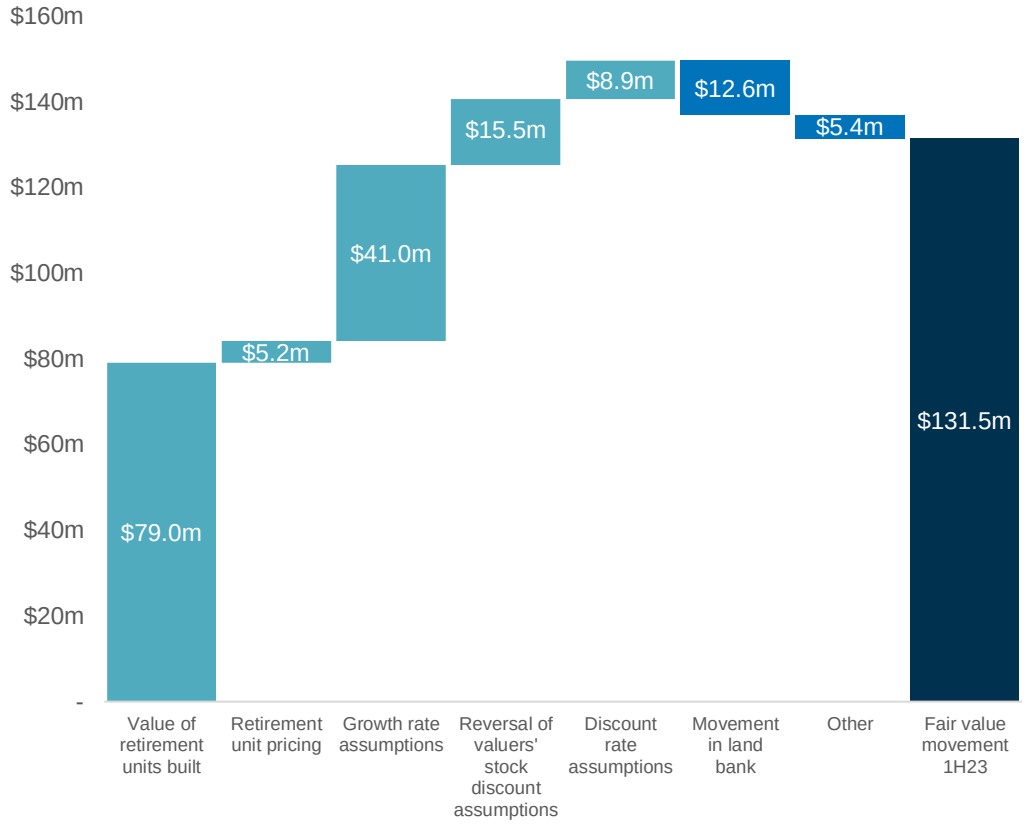
$131.5m

Fair value movement

$79.0m

Increase from new units delivered

Fair value movement of investment property 1H23



Fair value movement reflects the movement in villas, apartments and serviced apartments only

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Underlying profit

- Underlying profit of $87.2m, up 6% on 1H22 and a record for first half earnings
- The increase is driven by the following:
  - Realised development margin of $56.0m, a 7% increase on 1H22 with an average margin of $232k per unit
  - Care fees and village services of $77.5m, up 13%
  - Deferred management fee of $49.8m, up 13%
  - Realised gain on resales of $34.6m, up 8% and benefitting from record resale settlements in Q2 2023

$87.2m

Underlying profit

6%

Increase on 1H22 ▲

NZ $m	1H23	1H22	Variance	FY22
Care fees and village services	77.5	68.7	13%	144.6
Deferred management fees	49.8	43.9	13%	92.3
Realised gain on resales	34.6	31.9	8%	70.2
Realised development margin	56.0	52.3	7%	104.9
Other income & interest received	0.9	1.5	-38%	1.7
Total income	**218.8**	**198.3**	10%	**413.8**
Operating expenses	111.7	102.0	9%	211.8
Depreciation and amortisation	7.3	6.6	11%	13.6
Net finance costs	12.6	7.3	73%	17.0
Total expenses	**131.6**	**115.9**	14%	**242.4**
Underlying profit	**87.2**	**82.5**	6%	**171.4**

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.

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Cash flows

- Net operating cash flows of $146.7m, down from $190.4m at 1H22
  - Includes deferred management fees of $62.3m for 1H23 ($41.8m relating to new sales and $20.5m for resales)
- Net operating business cash flows of ($11.5m) in 1H23. This includes our annual insurance levy not paid in 1H22, and movements in resales cash flows in line with market conditions in the period, including:
  - Increase in the repurchase of stock from outgoing residents of $10.0m
  - Increase in advances in resident loans to residents transferring of $12.5m
- With these excluded, normalised net operating business cash flows were $20.6m for 1H23
- Investing cash out flows of $332.1m, up 24% on 1H22, reflecting the following:
  - Construction progress on main buildings at Bell Block, Papamoa and Te Awa, and apartments at Lower Hutt and St Johns. St Johns on track to open in Q324, now preselling with over one third of units released contracted within one month

$146.7m

Net operating cash flows

23%

Decrease on 1H22 ▼

NZ$m	1H23	1H22	Variance	FY22
Net operating business cash flow	(11.5)	7.4	*(256%)*	21.9
Receipts for residents' loans - new sales	158.2	183.0	*(14%)*	347.3
Net operating cash flow	**146.7**	**190.4**	*(23%)*	**369.2**
Sale and purchase of land	(53.8)	(66.5)	*(19%)*	(179.1)
Construction of new IP & care facilities	(240.3)	(177.4)	*36%*	(427.9)
Refurb of existing IP & care facilities	(8.1)	(5.5)	*47%*	(11.0)
Other investing cash flows	(5.9)	(3.8)	*56%*	(9.5)
Capitalised interest paid	(23.9)	(13.8)	*73%*	(24.2)
Net investing cash flow	**(332.1)**	**(267.0)**	*24%*	**(651.7)**
Net proceeds from borrowings	226.9	122.5	*85%*	342.2
Net dividends paid	(17.7)	(12.2)	*45%*	(28.2)
Other financing cash flows	(14.2)	(5.6)	*152%*	(14.5)
Net financing cash flow	**195.0**	**104.6**	*86%*	**299.5**

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Development cash flows

- Summerset's internal development model has an average village construction timeline of approximately eight to ten years
- Our broadacre villages see the following development cashflow profile:
  - In years one and two development spend is largely related to: land purchase (year one) and site civils and infrastructure expenditure
  - Construction costs relating to the villa deliveries are generally incurred from year three onwards
  - First settlement revenue is received in year four
  - Development spend increases in years four and five due the construction of the main building
  - Once the main building is delivered (year six) gross debt decreases as new sale receipts now exceed construction expenditure
  - Village construction is complete by year ten
- Gross development debt peaks at around year five with the delivery of the main building
- All development expenditure (incl. land, interest and management fee) is fully recycled by year nine
- On completion, our villages achieve an average development cash margin of 7.1%

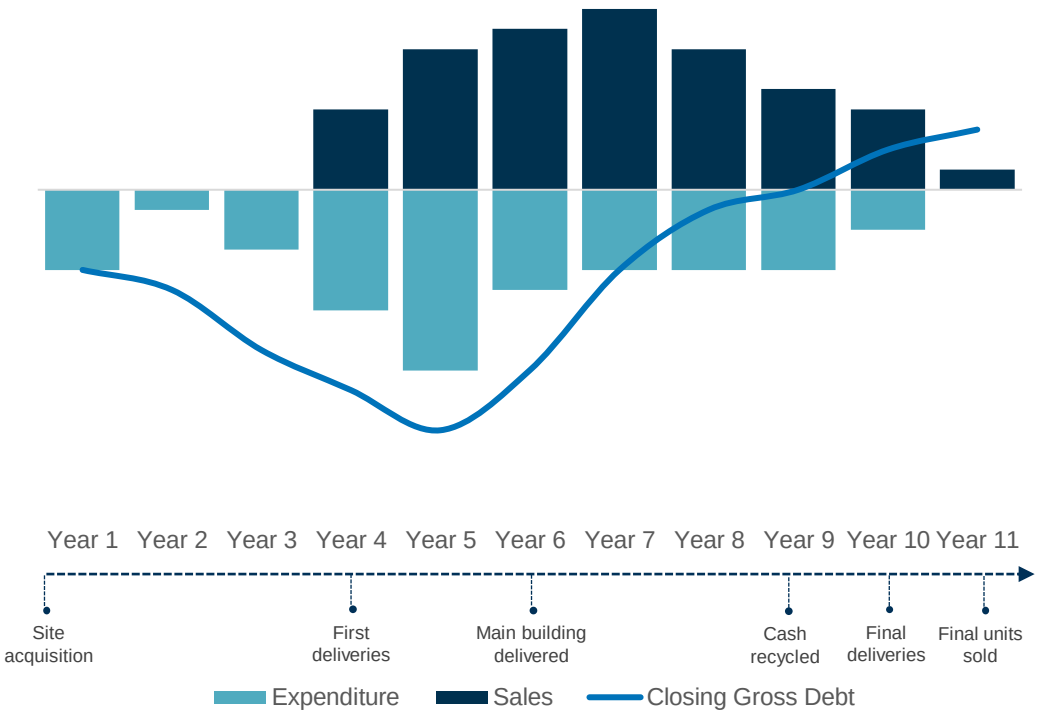
9 years

Average development cash flow recycling

7.1%

Average development cash margin

Broadacre development cash flows



Development cash flows incorporate the land cost, ILU costs, recreation and administration facility costs, care centre costs, management fees (incl. a share of corporate overheads), interest costs and the first-time sales proceeds for all units sold under Occupation Right. Projections based on current operating conditions

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Village cash flows

- Summerset focuses on broadacre development with villages taking around seven years from final delivery to reach maturity and generate stabilised cash flows
- Our villages see the following village operating cashflow profile:
  - No operating cashflows until the first units are close to delivery (year four)
  - Once first units are delivered village operating revenue and costs, and deferred management fee increase as new stages are sold down
  - Care operating expenses start from year six with the delivery of the main building. These are recovered once the serviced apartments and care centre within the building are fully occupied
  - Resale gain remains low in early years, growing as the village sells down and matures
  - The allocation of head office costs reduces once the village matures as the village requires less input from sales, marketing and other corporate functions
- At maturity, our villages generate an average annual return on assets of 9.5%

Village cash flows incorporate care fees and village services, payments to suppliers and employees, deferred management fee, resale gain, maintenance capex, other investing cash flows, net interest expenses and any lease payments

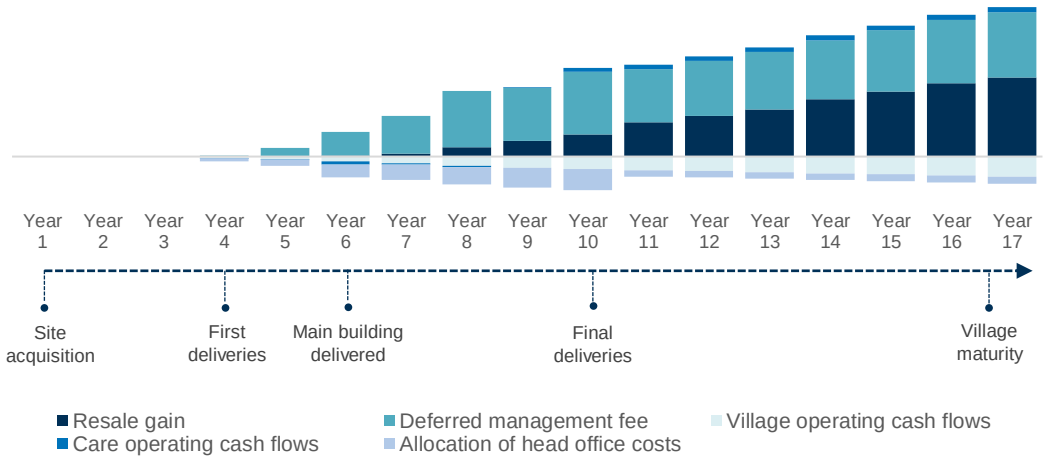
7 years

Average stabilised cash flow (from final delivery)

9.5%

Average annual return on assets at maturity

Broadacre village cash flows



Key Assumptions:

- **Village operating cash flows:** This is the weekly fee, village operating costs and village capex (incl. repairs and maintenance) associated with running the village
- **Care operating cash flows:** Includes care EBITDA, service package income and care centre capex (incl. repairs and maintenance) associated with operating our care centres
- **Deferred management fee and resale gain:** This incorporates the resale gain (at 3.5% long term growth rate) and accrued deferred management fee earned on units
- **Other sales cash flows:** Refurbishment costs, sales and marketing costs related to the resale of units on rollover
- **Allocation of head office costs:** Allows for a portion of head offices costs (corporate overheads) to be allocated to the village annually – reducing once the village is fully sold down
- **Stabilised cash flow:** Village cash flows on maturity, normally achieved around seven years from final delivery
- **Return on assets:** The annual return on assets being the stabilised cash flow relative to the net tangible assets (the operators interest) in the village at maturity

Projections based on current operating conditions

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Balance sheet

- Total assets of $6.3b, up 17% on 1H22 driven by portfolio growth and the underlying value in our existing villages
- Investment property valuation of $5.8b, up 17% on 1H22
- Retained earnings are now $1.9b, up 13% from $1.7b at 1H22. 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 of $9.88

$6.3b
Total assets ▲ 17%

$1.9b
Retained earnings ▲ 13%

NZ$m	1H23	1H22	Variance	FY22
Investment property	5,795	4,955	17%	5,418
Other assets	502.8	420	20%	422.6
Total assets	**6,298**	**5,375**	17%	**5,840**
Residents' loans	2,287	2,008	14%	2,165
Face value of bank loans & bonds*	1,307	896.9	46%	1,074
Other liabilities	398.2	407.4	(2%)	407.5
Total liabilities	**3,991**	**3,313**	20%	**3,647**
Net assets**	**2,307**	**2,062**	12%	**2,193**
NTA (cents per share)	**987.7**	**891.3**	*11%*	**943.9**

** 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*

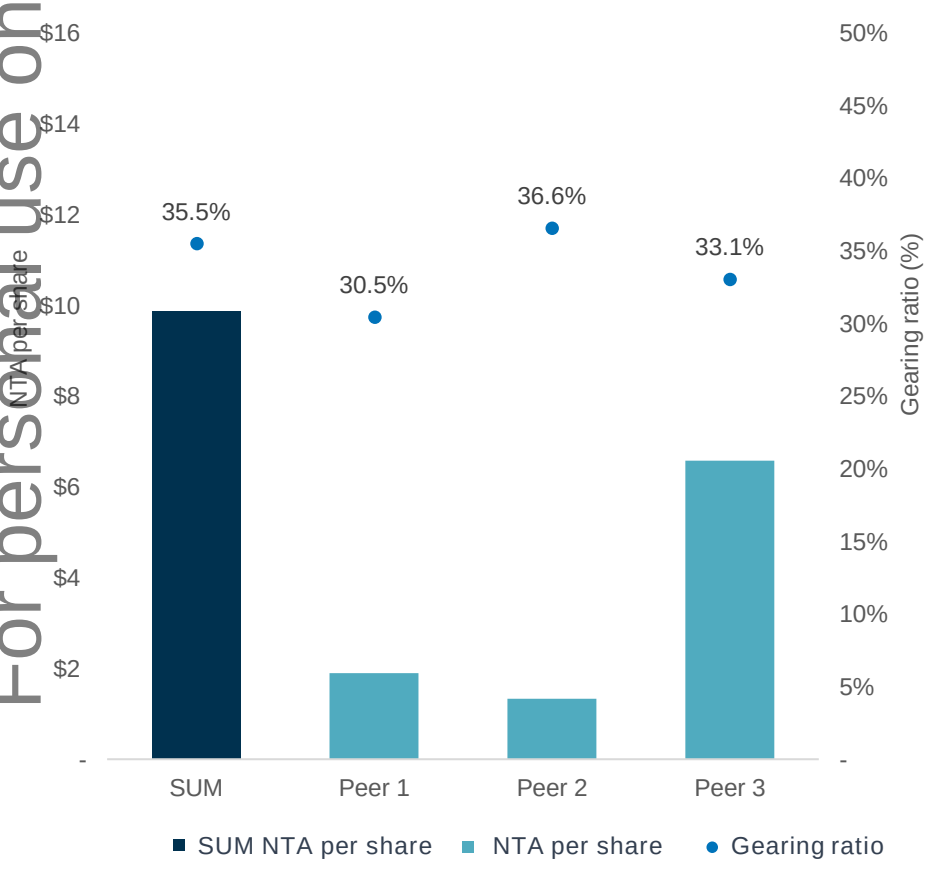
*** Net assets includes share capital, reserves, and retained earnings*

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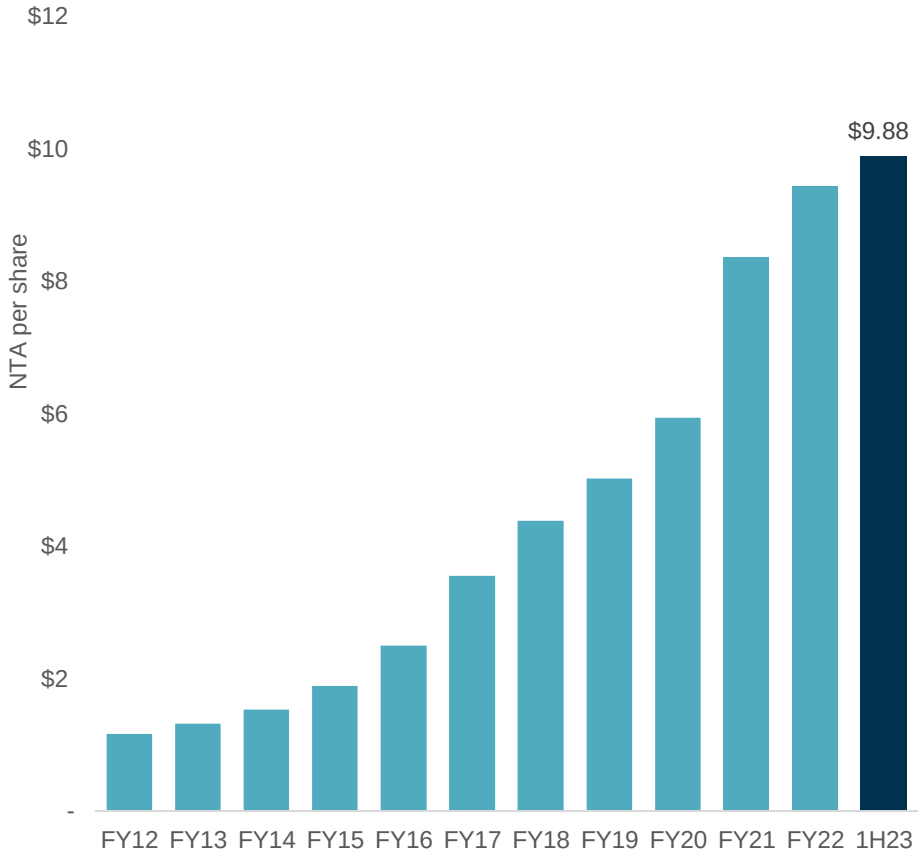
Net tangible assets

Strong financial discipline underpinning net tangible assets and gearing

Net tangible assets and gearing*



Summerset net tangible assets per share



** Peer results based on most recent NZX disclosures*

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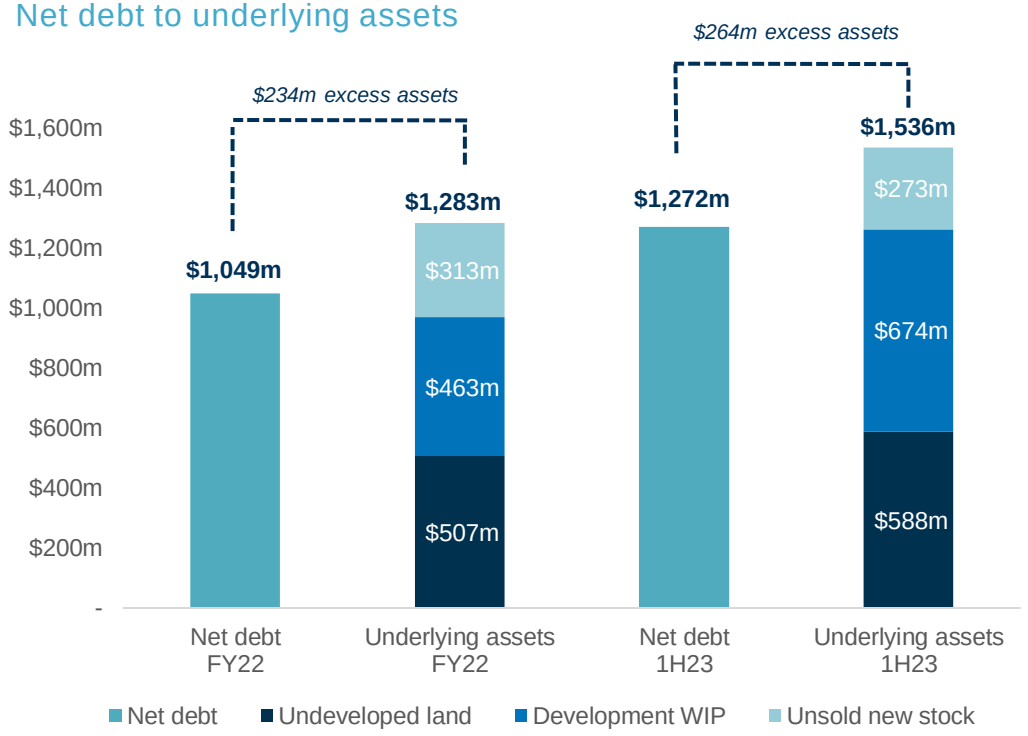
Gearing ratio

- Net debt of $1,272m* at 1H23, up from $1,049m* at FY22
- Uplift in gross debt driven by increased construction activity across our developing villages and land settlements in the period
- Gearing ratio of 35.5%, up from 32.4% at FY22
- 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 28.9%
- Development assets exceed the value of net debt by $264.3m, or 21%

35.5%
Gearing ratio

39.1%
Bank & bond LVR

Net debt to underlying assets



NZ$m	1H23	1H22	Variance	FY22
Gearing ratio (%)**	35.5%	29.4%	*21%*	32.4%
Bank & bond LVR (%)**	39.1%	32.9%	*19%*	35.3%

** 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*

*** 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)*

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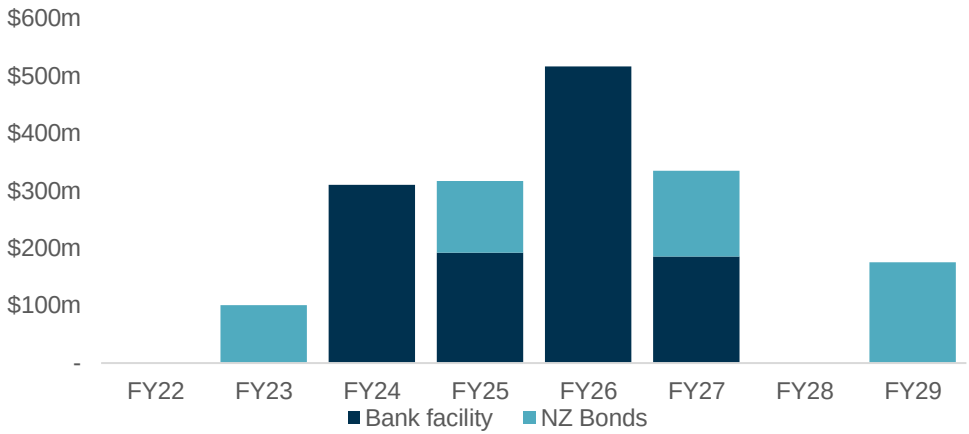
Funding

- Bank facility approximately $1.2b, with existing $550.0m of retail bonds at 30 June 2023
- Retail bond of $100m was repaid on 11 July 2023 with the total facility (incl. bonds) now having an average tenor of 3.2 years
- Our bank facility has undrawn capacity of $446.6m at 1H23
- 54% of drawn debt is hedged at fixed interest rates, with a weighted average interest rate of 5.06% in 1H23

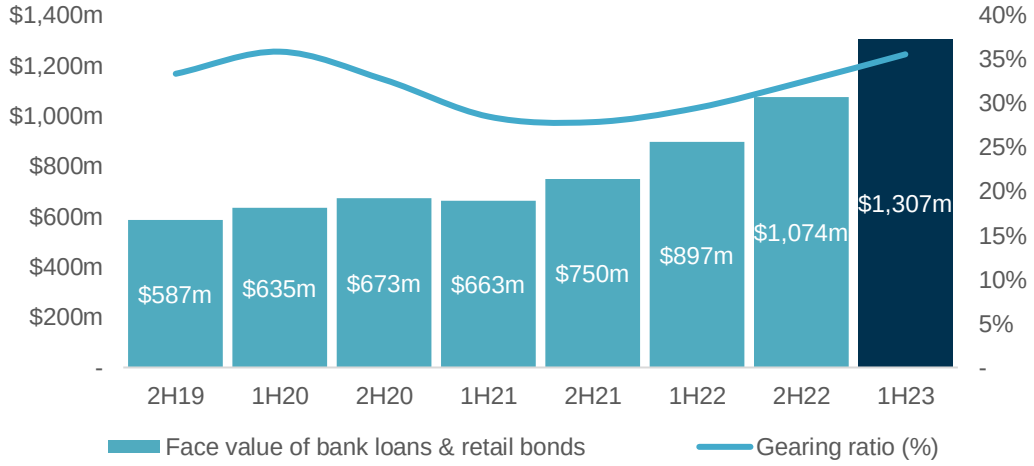
$1.2b
Bank facility

$550m
Retail bonds

Funding maturity profile



Gross borrowings and gearing



** 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)*

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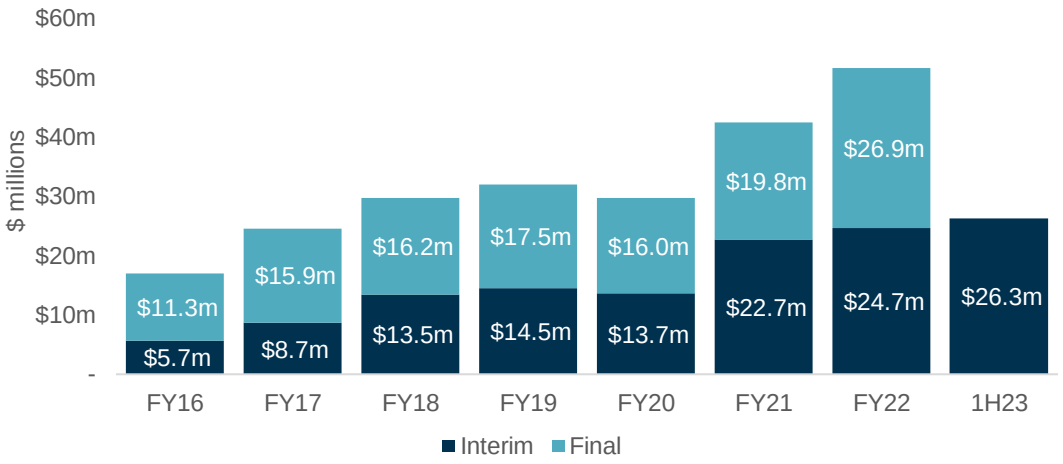
Interim dividend

Declared 1H23 interim dividend of 11.3 cents per share

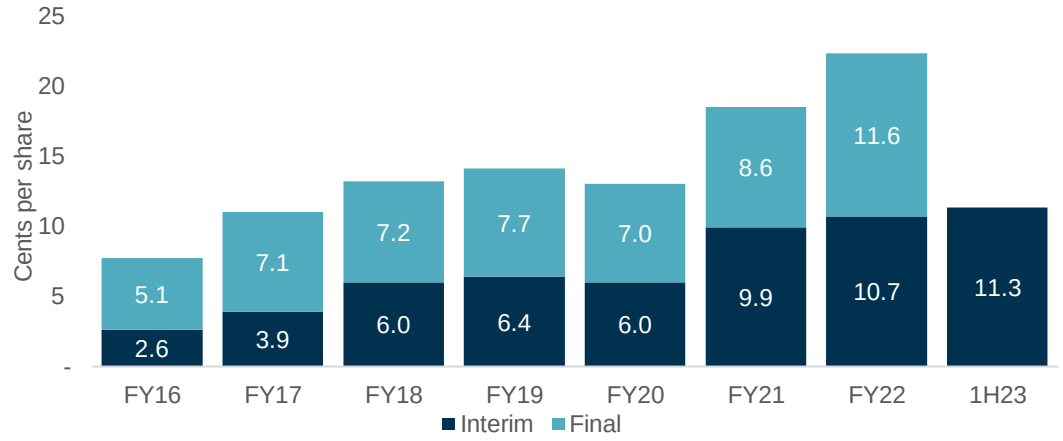
- The Board has declared an unimputed interim dividend of 11.3 cents per share, being 30% of underlying profit. This represents a payout for 1H23 of approximately $26.3m
- The dividend reinvestment plan (DRP) will apply to this dividend enabling shareholders to take shares in lieu of the cash dividend. A discount of 2% will be applied when determining the price per share of shares issued under the DRP
- The interim dividend will be paid on Tuesday 19 September 2023. The record date for final determination of entitlements to the interim dividend is Wednesday 6 September 2023
- Summerset's growth strategy is to deliver on expansion opportunities in New Zealand and Australia that will produce competitive returns for our shareholders, with a current dividend policy of 30% to 50% of underlying profit for the full year period
- We are expecting strong underlying profit growth over the medium term as the business matures. As is prudent governance, the board has decided to undertake a review of the dividend policy in 2H23 to ensure it remains appropriate for Summerset moving forward

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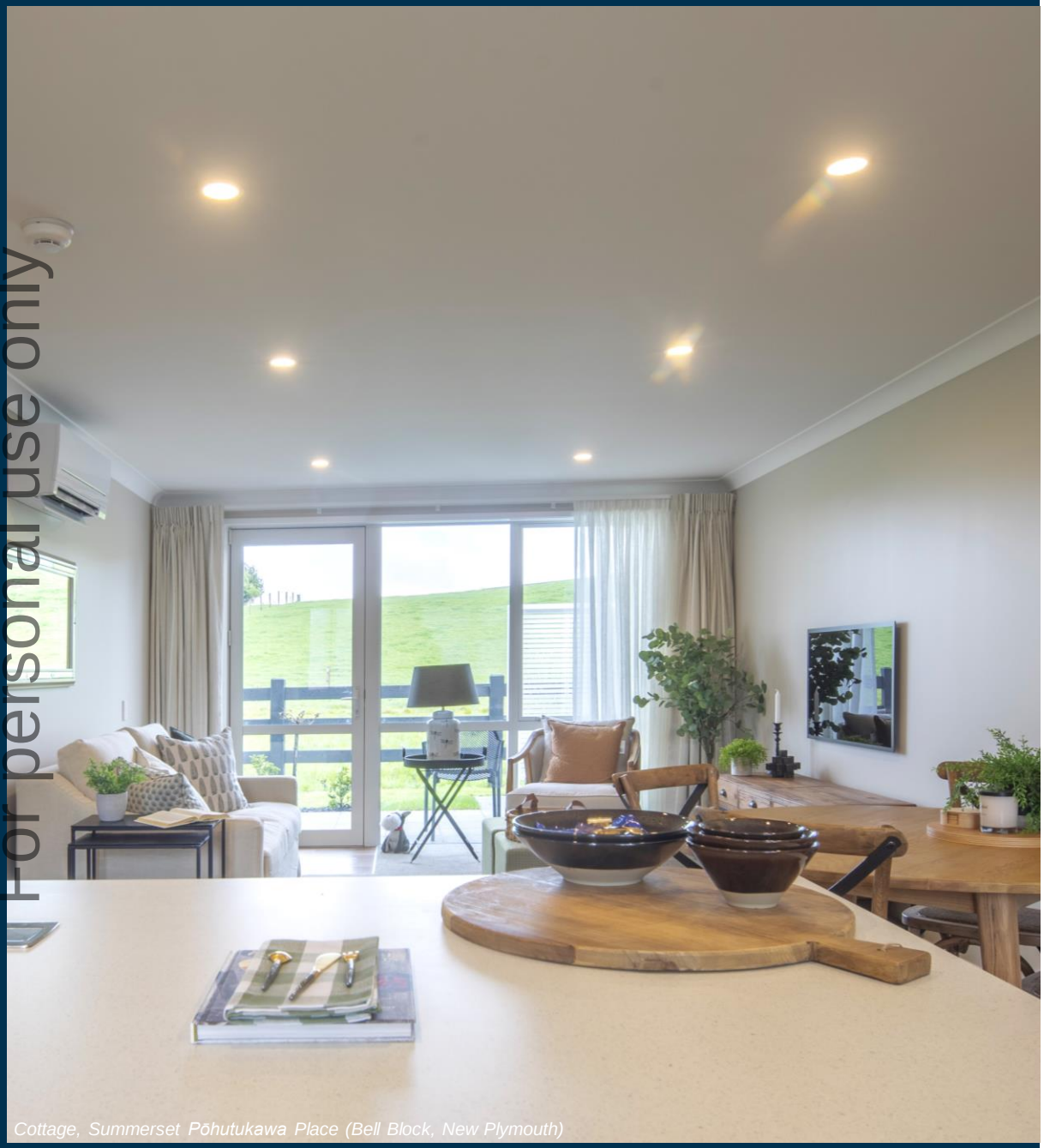
Gross dividend payout per year



Dividend per share



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Cottage, Summerset Pōhutukawa Place (Bell Block, New Plymouth)

Business performance

Half Year Report 2023

Retirement unit delivery

152 total units delivered in the period, three new villages to open in 2H23

- A total of 152 retirement units delivered in the period across nine villages
- First residents moved into our new main building in Kenepuru in February
- The main building includes serviced apartments, memory care apartments, a care centre and recreation spaces for residents
- Cambridge village now open with Stage 1 villas seeing strong sales
- Deliveries in 2023 carry a heavy weighting to the second half of the year and include the following milestones:
  - Lower Hutt opening in August 2023
  - Milldale and Waikanae opening in Q4 2023
  - Two main buildings on track to open at Te Awa and Bell Block, with Pāpāmoa to follow early in 2024

152
Retirement units delivered

3
New villages opening in 2H23

1H23 unit delivery	Retirement units			Care units			Total units
	Villas	Apartments	Serviced apartments	Memory care apartments	Care suites	Care beds	
Bell Block	13	-	-	-	-	-	13
Cambridge	24	-	-	-	-	-	24
Casebrook	16	-	-	-	-	-	16
Hobsonville	8	-	-	-	-	-	8
Pāpāmoa	21	-	-	-	-	-	21
Prebbleton	19	-	-	-	-	-	19
Richmond	19	-	-	-	-	-	19
Te Awa	13	-	-	-	-	-	13
Whangārei	19	-	-	-	-	-	19
Total	**152**	**-**	**-**	**-**	**-**	**-**	**152**

Total units include all units sold under Occupation Right Agreement and care beds

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Development margin

Record realised development margin of $56.0m, with a 34% development margin

- Record half year realised development margin of $56.0m, an increase of 7% on 1H22
- Development margin of 34%, up from 28% in 1H22 driven by:
  - Strong margins on villa stages with an average margin of 40%, up from 35% in 1H22
  - Good demand and margins on our memory care apartments and care suites, attracting a margin of 14%, up from 11% in 1H22
- Average development margin per unit of $232k, up from $181k in 1H22
- Our diversified delivery programme continues to perform well with all regions attracting margins in excess of 25%
- We expect development margins to moderate slightly in 2H23, in line with the delivery of our two main buildings in Te Awa and Bell Block

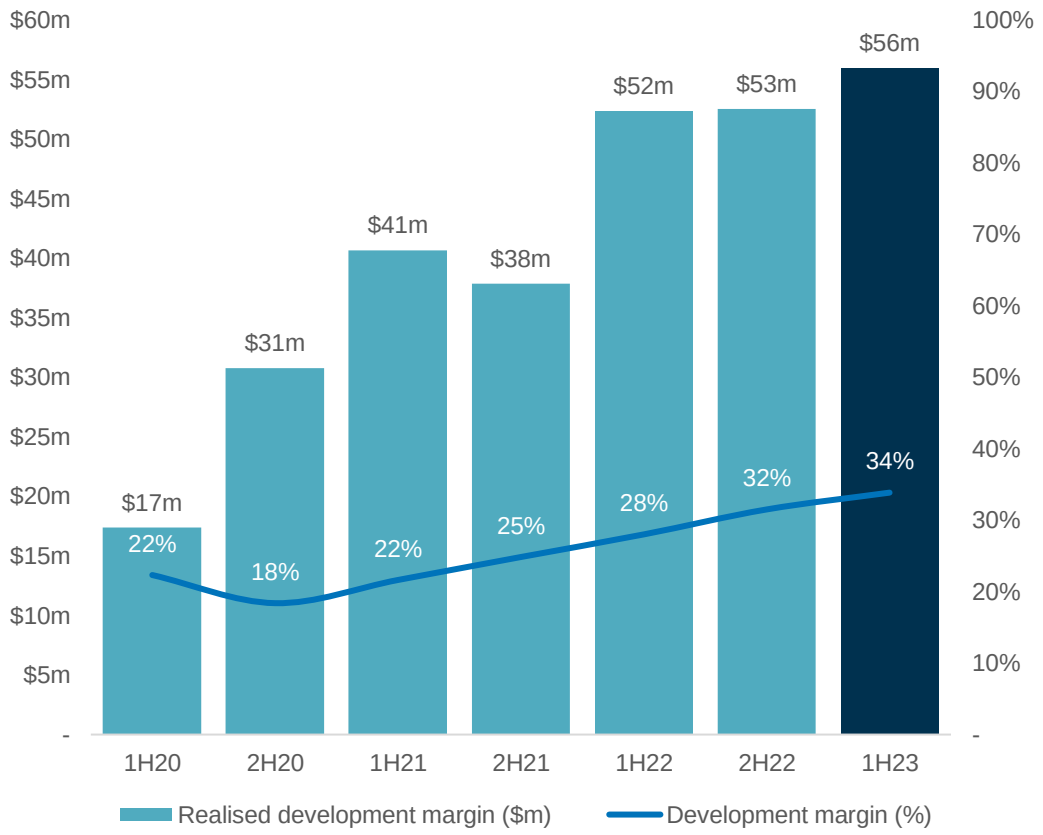
34%

Development margin

$56.0m

Realised margin ▲ 7%

Realised development margin



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New sales

241 new sales in the period, gross proceeds of $167.3m

- 241 new sales of Occupation Rights in 1H23
- This is down on 1H22 due to 32% fewer deliveries in the period (152 in 1H23 vs 223 in 1H22)
- Average gross proceeds per new sale settlement now $694k, up from $646k in 1H22
- New sales had a higher weighting to serviced apartments, memory care apartments and care suites, up a combined 7% on 1H22
- Our best performing villages were Kenepuru (66 new sales) and Richmond (32 new sales)
- We now hold historically high levels of contracted new and presale stock that will support earnings as market conditions continue to improve into 2H23
- Unit pricing is reviewed each month and current contract rates highlight prices are appropriately aligned to prospective residents' expectations

241

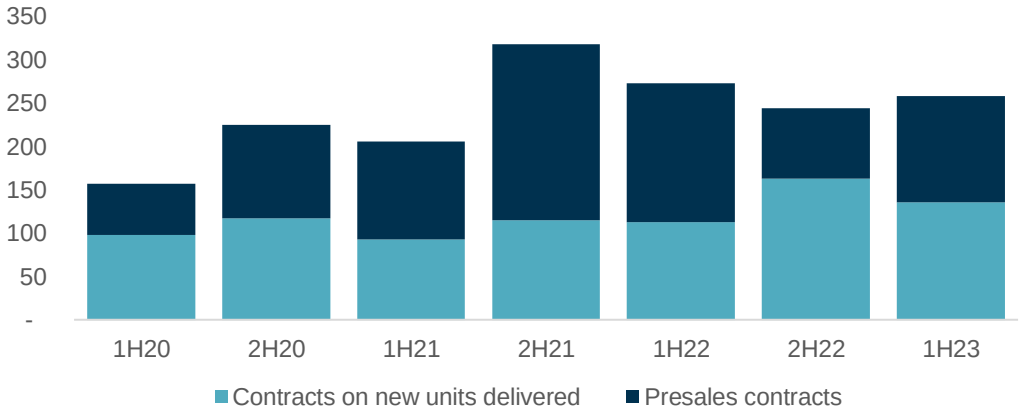
New sales of Occupation Rights

$694k

Average gross proceeds ▲ 7%

New sales	1H23	1H22	*Variance*	FY22
Gross proceeds ($m)	**167.3**	**186.8**	***(10%)***	**353.4**
Villas	141	182	*(23%)*	350
Apartments	12	25	*(52%)*	46
Serviced apartments	55	49	*12%*	87
Memory care apartments	14	25	*(44%)*	37
Care suites	19	8	*138%*	17
Total Occupation Rights	**241**	**289**	***(17%)***	**537**

Committed new sales pipeline



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New sales stock

Total stock levels down 17% from FY22

- Good progress made on selling down new sale stock despite challenging market conditions
- Total new sales stock of 392 units, down from 471 at FY22 (-17%)
- Our serviced apartments, memory care apartments and care suites continue to see strong demand
- Uncontracted stock as a percentage of portfolio is now 4.4% and tracking at the lower end of our historical average
- Looking ahead, we expect an increase in total new sale stock at FY23 with the delivery of the two main buildings in Te Awa and Bell Block

256

Uncontracted new sale stock

4.4%

Percentage of uncontracted stock

New sales stock	1H23	FY22
Contracted	136	163
Uncontracted	256	308
Total new sales stock	**392**	**471**
Contracted	96	103
Uncontracted	149	131
Villas	**245**	**234**
Contracted	7	11
Uncontracted	18	26
Apartments	**25**	**37**
Contracted	23	41
Uncontracted	63	100
Serviced apartments	**86**	**141**
Contracted	2	3
Uncontracted	10	23
Memory care apartments	**12**	**26**
Contracted	8	5
Uncontracted	16	28
Care suites	**24**	**33**

Percentage of uncontracted stock calculated off all units sold under Occupation Right Agreement

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Resales

242 resales in the period, up 9% on 1H22 with realised resale gain of $34.6m

- Total resales of 242 Occupation Rights in 1H23, up from the 222 achieved in 1H22, a 9% increase
- This follows the record 248 resales achieved in 2H22 - we expect to see this further step up as our villages continue to mature
- The 147 total resales achieved in Q2 2023 were a single quarter record for the company
- Total gross proceeds of $133.4m, up 8% on 1H22
- Realised resale gain of $34.6m with an average gain per unit of $143k, up 8% on 1H22
- Villa resale margins continue to track above 35%

242

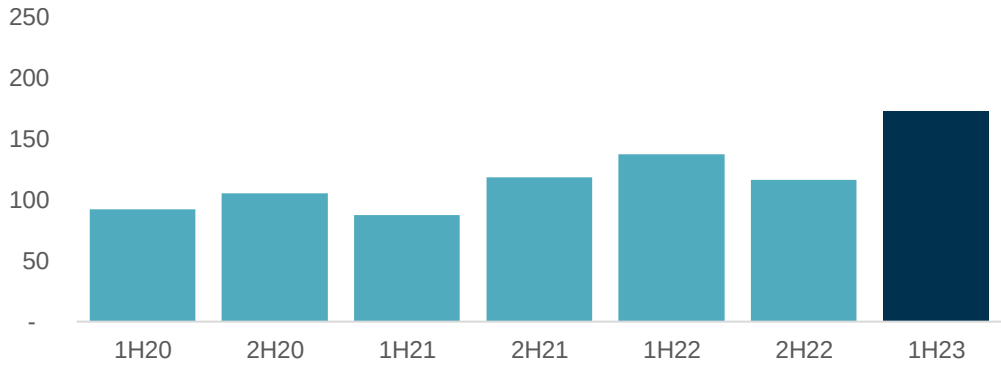
Resales of Occupation Rights

$34.6m

Realised resale gain ▲8%

Resales	1H23	1H22	*Variance*	FY22
Gross proceeds ($m)	**133.4**	**123.7**	***8%***	**263.6**
Realised resale gains ($m)	34.6	31.9	*8%*	70.2
Realised resale gains (%)	26%	26%	*0%*	27%
DMF realisation ($m)	17.9	16.2	*10%*	34.5
Villas	94	96	*(2%)*	201
Apartments	24	27	*(11%)*	51
Serviced apartments	103	92	*12%*	185
Memory care apartments	15	6	*150%*	26
Care suites	6	1	*500%*	7
Total Occupation Rights	**242**	**222**	***9%***	**470**

Committed resales pipeline



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Embedded value

Embedded value now $1.5b, up 3% on 1H22

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- Total embedded value now $1.52b, having increased from $1.47b at 1H22, a 3% uplift
- Embedded value comprised of:
  - $1.01b resale gains
  - $0.51b deferred management fees
- Embedded value per unit now $260k, slightly down from $278k at 1H22
- Unrealised resale gain per unit now $173k, 21% above the $143k achieved on the 242 resales of Occupation Rights in 1H23

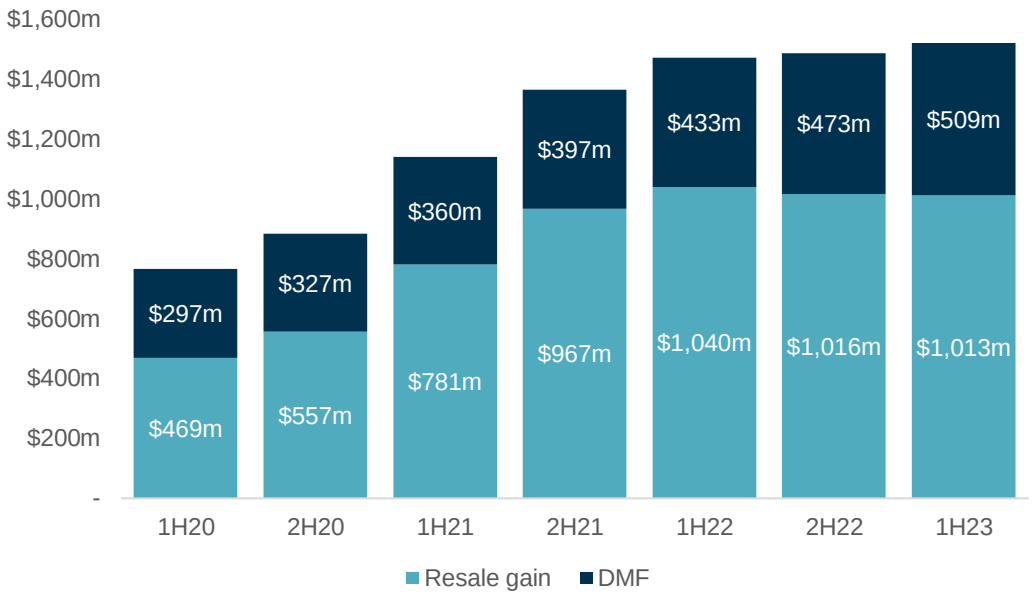
$1.5b

Embedded value ▲3%

$1.0b

Embedded resale gain

Embedded value



NZ$m	1H23	1H22	Variance	FY22
DMF	$509.3	$432.6	*18%*	$472.7
Resales gain	$1,013	$1,040	*(3%)*	$1,016
Embedded value	**$1,522**	**$1,473**	***3%***	**$1,489**

Resale stock

Record contracted resale stock of 173 units

- Contracted resale stock at the highest level recorded with 173 units under contract, up 49% on FY22 and 26% on 1H22
- This level of contracted stock provides a strong platform for resales settlements heading into 2H23
- Uncontracted stock remains at 2.7% of portfolio
- Our villages saw a record number of units vacate in the period (up around 18% on 1H22)
  - We expect this to continue to increase as our villages mature, positively impacting village cash flows
- Continue to see consistent longer term demand in our villages through strong waitlist of almost 1,500

155

Uncontracted resale stock

2.7%

Percentage of uncontracted stock

Resales stock	1H23	FY22
Contracted	173	116
Uncontracted	155	150
Total resales stock	**328**	**266**
Contracted	98	57
Uncontracted	94	81
Villas	**192**	**138**
Contracted	20	14
Uncontracted	18	13
Apartments	**38**	**27**
Contracted	51	40
Uncontracted	33	52
Serviced apartments	**84**	**92**
Contracted	3	4
Uncontracted	9	4
Memory care apartments	**12**	**8**
Contracted	1	1
Uncontracted	1	-
Care suites	**2**	**1**

Percentage of uncontracted stock calculated off all units sold under Occupation Right Agreement

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Summerset at Wigram (Christchurch, Canterbury)

Questions

Disclaimer

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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



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Appendix

01 Summerset overview

02 Portfolio and land bank

03 Underlying profit reconciliation

04 Historical trends

05 Fair value movement

06 Sales price relativity

07 Summerset growth and demographics

08 Customer profile and occupancy

Summerset overview

Diversified portfolio throughout New Zealand and Australia

Our portfolio

5,670
Retirement units in portfolio

6,060
Retirement units in land bank

$6.3b
Total assets

Our care

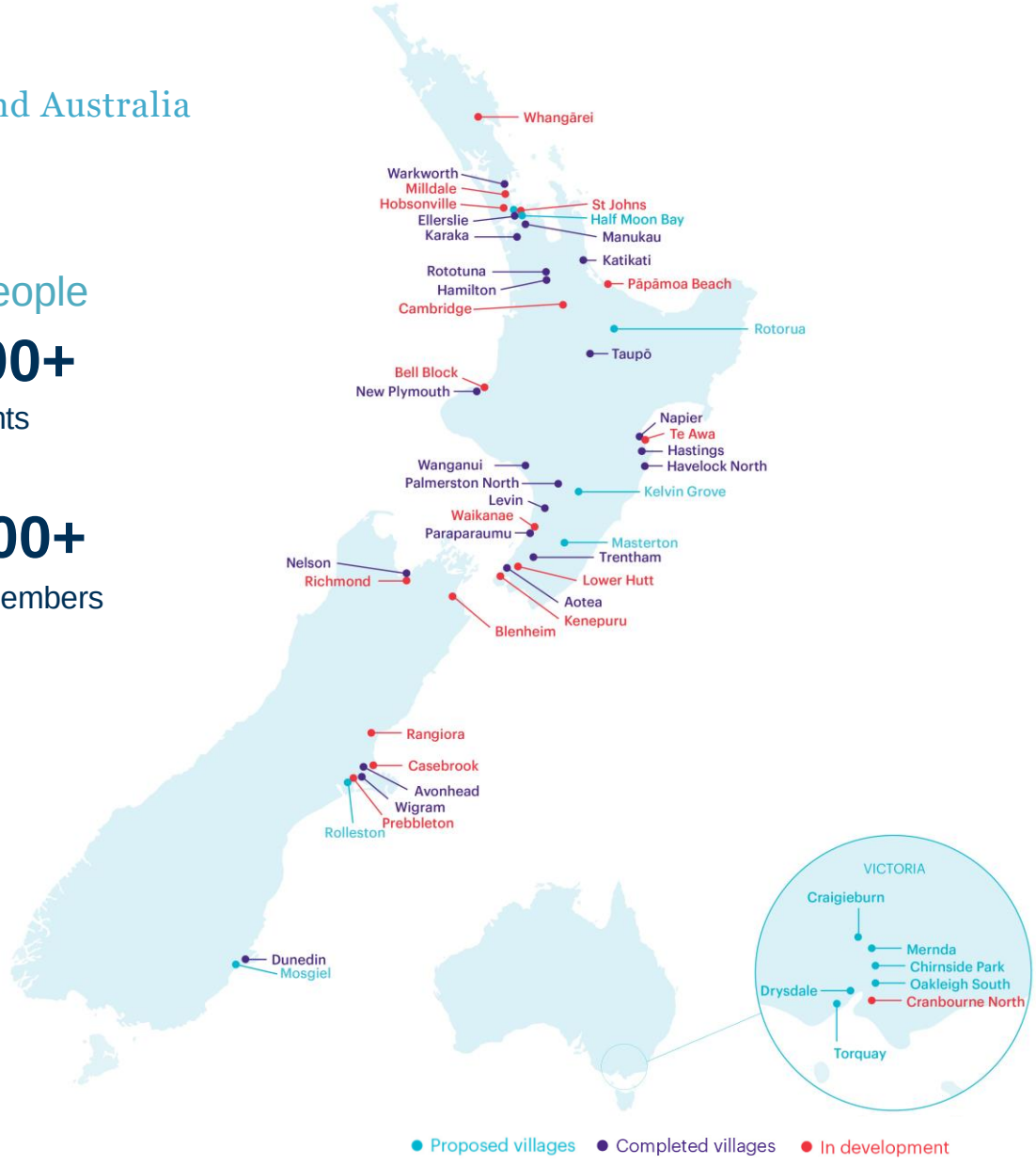
1,161
Care units in portfolio

1,435
Care units in land bank

Our people

7,600+
Residents

2,500+
Staff members



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Portfolio as at 30 June 2023

6,831 total units including 5,670 retirement units and 1,161 care units

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Existing portfolio - as at 30 June 2023							
	Retirement units			Care units			Total units and care beds
Village	Villas	Apartments	Serviced apartments	Memory care apartments	Care suites	Care beds	
Whangārei	90	-	-	-	-	-	90
Northland	**90**	**-**	**-**	**-**	**-**	**-**	**90**
Ellerslie	38	218	57	-	-	58	371
Hobsonville	157	73	52	-	-	52	334
Karaka	182	-	59	-	-	50	291
Manukau	89	67	27	-	-	54	237
Warkworth	202	2	44	-	-	41	289
Auckland	**668**	**360**	**239**	**-**	**-**	**255**	**1,522**
Cambridge	27	-	-	-	-	-	27
Hamilton	183	-	50	-	-	49	282
Rototuna	188	-	56	20	7	36	307
Taupō	94	34	18	-	-	-	146
Waikato	**492**	**34**	**124**	**20**	**7**	**85**	**762**
Katikati	156	-	30	-	-	27	213
Pāpāmoa Beach	127	-	-	-	-	-	127
Bay of Plenty	**283**	**-**	**30**	**-**	**-**	**27**	**340**
Hastings	146	5	-	-	-	-	151
Havelock North	94	28	-	-	-	45	167
Napier	94	26	20	-	-	48	188
Te Awa	154	-	-	-	-	-	154
Hawke's Bay	**488**	**59**	**20**	**-**	**-**	**93**	**660**
Bell Block	124	-	-	-	-	-	124
New Plymouth	108	-	40	-	-	52	200
Taranaki	**232**	**-**	**40**	**-**	**-**	**52**	**324**

Portfolio as at 30 June 2023

6,831 total units including 5,670 retirement units and 1,161 care units

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Existing portfolio - as at 30 June 2023							
	Retirement units			Care units			
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
Manawatū-Wanganui	**224**	**52**	**12**	**10**	**-**	**122**	**420**
Aotea	96	33	38	-	-	-	167
Kenepuru	101	48	86	20	17	26	298
Paraparaumu	92	22	-	-	-	44	158
Trentham	231	12	40	-	-	44	327
Wellington-Kāpiti	**520**	**115**	**164**	**20**	**17**	**114**	**950**
Nelson	214	-	55	-	-	59	328
Richmond	189	-	56	20	17	26	308
Nelson-Tasman	**403**	**-**	**111**	**20**	**17**	**85**	**636**
Avonhead	165	-	79	20	17	26	307
Casebrook	243	-	56	20	-	43	362
Prebbleton	54	-	-	-	-	-	54
Wigram	159	-	53	-	-	49	261
Canterbury	**621**	**-**	**188**	**40**	**17**	**118**	**984**
Dunedin	61	20	20	-	-	42	143
Otago	**61**	**20**	**20**	**-**	**-**	**42**	**143**
Total	**4,082**	**640**	**948**	**110**	**58**	**993**	**6,831**

Future development

Largest New Zealand land bank for a retirement village operator of 5,386 units and beds

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Land bank – as at 30 June 2023

Village	Retirement units			Care units			Total units and care beds
	Villas	Apartments	Serviced apartments	Memory care apartments	Care suites	Care beds	
Whangārei	127	-	60	20	27	9	243
Northland	**127**	**-**	**60**	**20**	**27**	**9**	**243**
Half Moon Bay	-	217	33	20	50	-	320
Hobsonville	6	-	-	-	-	-	6
Milldale	102	124	60	20	27	9	342
Parnell	-	-	-	-	-	-	-
St Johns	-	225	55	19	30	-	329
Auckland	**108**	**566**	**148**	**59**	**107**	**9**	**997**
Pāpāmoa Beach	84	-	60	20	15	21	200
Rotorua	260	-	20	20	10	20	330
Bay of Plenty	**344**	**-**	**80**	**40**	**25**	**41**	**530**
Cambridge	233	-	60	20	27	9	349
Waikato	**233**	**-**	**60**	**20**	**27**	**9**	**349**
Bell Block	98	-	60	20	25	11	214
Taranaki	**98**	**-**	**60**	**20**	**25**	**11**	**214**
Te Awa	87	-	56	20	17	26	206
Hawke's Bay	**87**	**-**	**56**	**20**	**17**	**26**	**206**
Kelvin Grove	242	-	20	20	10	20	312
Manawatū-Wanganui	**242**	**-**	**20**	**20**	**10**	**20**	**312**
Kenepuru	11	-	-	-	-	-	11
Lower Hutt	46	109	57	15	12	12	251
Masterton	236	-	20	20	10	20	306
Waikanae	217	-	60	20	27	9	333
Wellington-Kāpiti-Wairarapa	**510**	**109**	**137**	**55**	**49**	**41**	**901**

Future development

Largest New Zealand land bank for a retirement village operator of 5,386 units and beds

For personal use only

Landbank – as at 30 June 2023

Village	Retirement units			Care units			Total units and care beds
	Villas	Apartments	Serviced apartments	Memory care apartments	Care suites	Care beds	
Richmond	78	-	-	-	-	-	78
Nelson-Tasman	**78**	**-**	**-**	**-**	**-**	**-**	**78**
Blenheim	148	-	20	20	10	20	218
Marlborough	**148**	**-**	**20**	**20**	**10**	**20**	**218**
Casebrook	27	-	-	-	-	-	27
Prebbleton	167	-	60	20	27	9	283
Rangiora	260	-	60	20	27	9	376
Rolleston	267	-	20	20	10	20	337
Canterbury	**721**	**-**	**140**	**60**	**64**	**38**	**1,023**
Mosgiel	245	-	20	20	10	20	315
Otago	**245**	**-**	**20**	**20**	**10**	**20**	**315**
Total NZ	**2,941**	**675**	**801**	**354**	**371**	**244**	**5,386**
Chirnside Park	174	9	28	-	-	72	283
Craigieburn	267	-	20	-	-	72	359
Cranbourne North	161	-	34	-	-	72	267
Drysdale	249	-	20	-	-	72	341
Mernda	284	-	20	-	-	72	376
Oakleigh South	50	41	19	-	-	34	144
Torquay	209	30	28	-	-	72	339
Total Australia	**1,394**	**80**	**169**	**-**	**-**	**466**	**2,109**
Total NZ and Australia	**4,335**	**755**	**970**	**354**	**371**	**710**	**7,495**

1H23 underlying profit reconciliation

Reconciliation of underlying profit to reported net profit after tax

Financial (NZ$m)

	1H23	1H22	Variance	FY22
Net profit before tax (IFRS)	128.1	134.9	*(5%)*	265.1
Net profit after tax (IFRS)	**133.1**	**134.6**	***(1%)***	**269.1**
Less reversal of impairment on land & buildings	-	-	*n/a*	-
Less fair value movement of investment property	(131.5)	(136.7)	*4%*	(268.8)
Add realised gain on resales	34.6	31.9	*8%*	70.2
Add realised development margin	56.0	52.3	*7%*	104.9
Less deferred tax credit	(5.0)	0.3	*(1,856%)*	(4.0)
Underlying profit*	**87.2**	**82.5**	***6%***	**171.4**

** 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 pay out to shareholders.*

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Historical trends

Underlying profit 12 year CAGR of 29% since listing

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	Full Year Results	12 Year CAGR*	1H23	2H22	1H22	2H21	1H21	2H20	1H20	FY11 NZX listed
Operational	New sales of Occupation Rights	13%	241	248	289	238	302	276	128	108
	Resales of Occupation Rights	12%	242	248	222	195	243	245	136	123
	Total sales	**13%**	**483**	**496**	**511**	**433**	**545**	**521**	**264**	**231**
	New units delivered**	8%	152	428	223	324	347	231	182	122
	Retirement units in portfolio***	12%	5,670	5,518	5,153	4,930	4,669	4,385	4,195	1,486
	Care units in portfolio****	11%	1,161	1,161	1,098	1,098	1,035	972	931	327
Financial (NZ$m)	Total revenue ($m)	18%	128.2	124.6	114.1	110.5	94.9	90.4	82.0	33.7
	Net profit after tax ($m)	41%	**133.1**	**134.5**	**134.6**	**279.9**	**263.8**	**229.8**	**1.0**	**4.3**
	Underlying profit*** ($m)**	29%	**87.2**	**88.9**	**82.5**	**65.6**	**75.5**	**53.2**	**45.1**	**8.1**
	Net operating cash flow ($m)	17%	146.7	178.8	190.4	160.7	222.7	174.0	92.8	43.7
	Total assets ($m)	21%	6,298	5,840	5,375	4,924	4,375	3,893	3,433	616.9
	Total equity ($m)	21%	2,307	2,193	2,062	1,925	1,618	1,355	1,113	233.4
	Interest bearing loans and borrowings ($m)	28%	1,294	1,060	886.2	747.0	670.8	687.1	654.8	69.1
	Cash and cash equivalents ($m)	-	35.0	25.3	36.6	8.4	19.4	15.8	13.0	9.0
	Gearing ratio (Net D/ Net D+E)	-	33.5%	32.4%	29.4%	27.8%	28.5%	32.6%	35.8%	20.5%
	EPS (cents) (IFRS profit)	38%	57.3	58.2	58.5	122.3	115.9	101.9	0.4	2.4
	NTA (cents)	27%	987.7	943.9	891.3	835.9	707.3	594.1	491.3	109.3
	Development margin (%)	-	34%	30%	28%	25%	22%	18%	22%	6%

** Compound annual growth rate*

*** New units delivered includes all retirement units and care units*

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

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

****** Underlying profit differs from NZ IFRS reported profit after tax. The measure has been reviewed by Ernst & Young. Refer to slide 60 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	171.6	4.3	13.50%	0.75%	1.50%	2.50%	3.00%	3.50%
Summerset by the Lake	Taupō	93.9	4.4	14.75%	1.25%	1.75%	2.50%	3.00%	3.50%
Summerset in the Bay	Napier	99.3	3.2	13.75%	0.75%	1.50%	2.50%	3.00%	3.50%
Summerset in the Orchard	Hastings	108.3	2.7	14.75%	0.75%	1.50%	2.50%	3.00%	3.50%
Summerset in the Vines	Havelock North	88.6	1.2	14.50%	0.75%	1.50%	2.50%	3.00%	3.50%
Summerset in the River City	Wanganui	45.9	1.8	15.13%	0.75%	1.50%	2.50%	3.00%	3.50%
Summerset on Summerhill	Palmerston North	64.0	0.5	14.50%	0.75%	1.50%	2.50%	3.00%	3.50%
Summerset by the Ranges	Levin	41.8	1.0	14.88%	0.75%	1.50%	2.50%	3.00%	3.50%
Summerset on the Coast	Paraparaumu	84.1	1.6	14.25%	0.75%	1.50%	2.50%	3.00%	3.50%
Summerset at Aotea	Aotea	133.3	2.9	14.00%	0.75%	1.50%	2.50%	3.00%	3.50%
Summerset in the Sun	Nelson	187.4	0.4	13.50%	0.75%	1.50%	2.50%	3.00%	3.50%
Summerset at Bishopscourt	Dunedin	65.1	0.8	14.25%	1.25%	1.75%	2.50%	3.00%	3.50%
Summerset Down the Lane	Hamilton	158.9	2.2	14.00%	0.75%	1.50%	2.00%	2.50%	3.50%
Summerset Mountain View	New Plymouth	92.9	2.0	14.50%	0.75%	1.50%	2.50%	3.00%	3.50%
Summerset Falls	Warkworth	227.9	0.9	14.00%	0.75%	1.50%	2.00%	2.50%	3.50%
Summerset at Heritage Park	Ellerslie	370.9	3.3	14.50%	0.75%	1.50%	2.00%	2.50%	3.50%
Summerset at Karaka	Karaka	214.0	3.4	13.75%	0.75%	1.50%	2.00%	2.50%	3.50%
Summerset at Wigram	Wigram	143.1	2.8	13.75%	1.00%	1.75%	2.50%	3.00%	3.50%
Summerset at the Course	Trentham	214.2	5.0	14.00%	0.75%	1.50%	2.00%	2.50%	3.50%
Summerset by the Sea	Katikati	136.6	1.3	14.50%	1.00%	1.50%	2.50%	3.00%	3.50%
Summerset Rototuna	Rototuna	197.6	2.9	14.50%	0.75%	1.50%	2.00%	2.50%	3.50%
Summerset at Avonhead	Avonhead	193.8	0.2	14.50%	0.75%	1.50%	2.00%	3.00%	3.50%
Total for completed villages		**3,133**	**48.9**						

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

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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	336.6	13.8	13.75%	0.75%	1.50%	2.00%	2.50%	3.50%
Summerset on Cavendish	Casebrook	228.3	11.6	14.50%	0.75%	1.50%	2.00%	3.00%	3.50%
Summerset Richmond Ranges	Richmond	195.7	12.0	14.50%	0.75%	1.50%	2.00%	2.50%	3.50%
Summerset Richmond Ranges	Richmond additional	0.0	(2.0)	14.50%	0.75%	1.50%	2.00%	2.50%	3.50%
Summerset on the Landing	Kenepuru	216.4	24.3	14.50%	0.75%	1.50%	2.00%	2.50%	3.50%
Summerset Palms	Te Awa	145.0	5.2	15.00%	0.75%	1.50%	2.00%	2.50%	3.50%
Summerset by the Dunes	Pāpāmoa Beach	122.1	7.1	15.00%	0.75%	1.50%	2.00%	2.50%	3.50%
Summerset Pōhutukawa Place	Bell Block	107.8	10.5	15.25%	0.75%	1.50%	2.00%	2.50%	3.50%
Summerset Mount Denby	Whangārei	84.4	5.6	15.50%	0.75%	1.50%	2.00%	2.50%	3.50%
Summerset Cambridge	Cambridge	43.6	9.9	16.50%	0.75%	1.50%	2.00%	3.00%	3.50%
Summerset Prebbleton	Prebbleton	53.7	3.0	16.50%	0.75%	1.50%	2.00%	3.00%	3.50%
Summerset Rangiora	Rangiora	10.9	(0.4)	n/a	n/a	n/a	n/a	n/a	n/a
Summerset Blenheim	Blenheim	5.9	(0.5)	n/a	n/a	n/a	n/a	n/a	n/a
Summerset Milldale	Milldale	27.8	(1.5)	n/a	n/a	n/a	n/a	n/a	n/a
Summerset Boulcott	Lower Hutt	15.4	(1.4)	n/a	n/a	n/a	n/a	n/a	n/a
Summerset St Johns	St Johns	48.7	2.2	n/a	n/a	n/a	n/a	n/a	n/a
Summerset Waikanae	Waikanae	16.8	0.1	n/a	n/a	n/a	n/a	n/a	n/a
Total for villages in development		**1,658.9**	**99.4**						
Total for proposed villages		**448.1**	**(16.8)**						
Total for all villages		**5,240**	**131.5**						

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

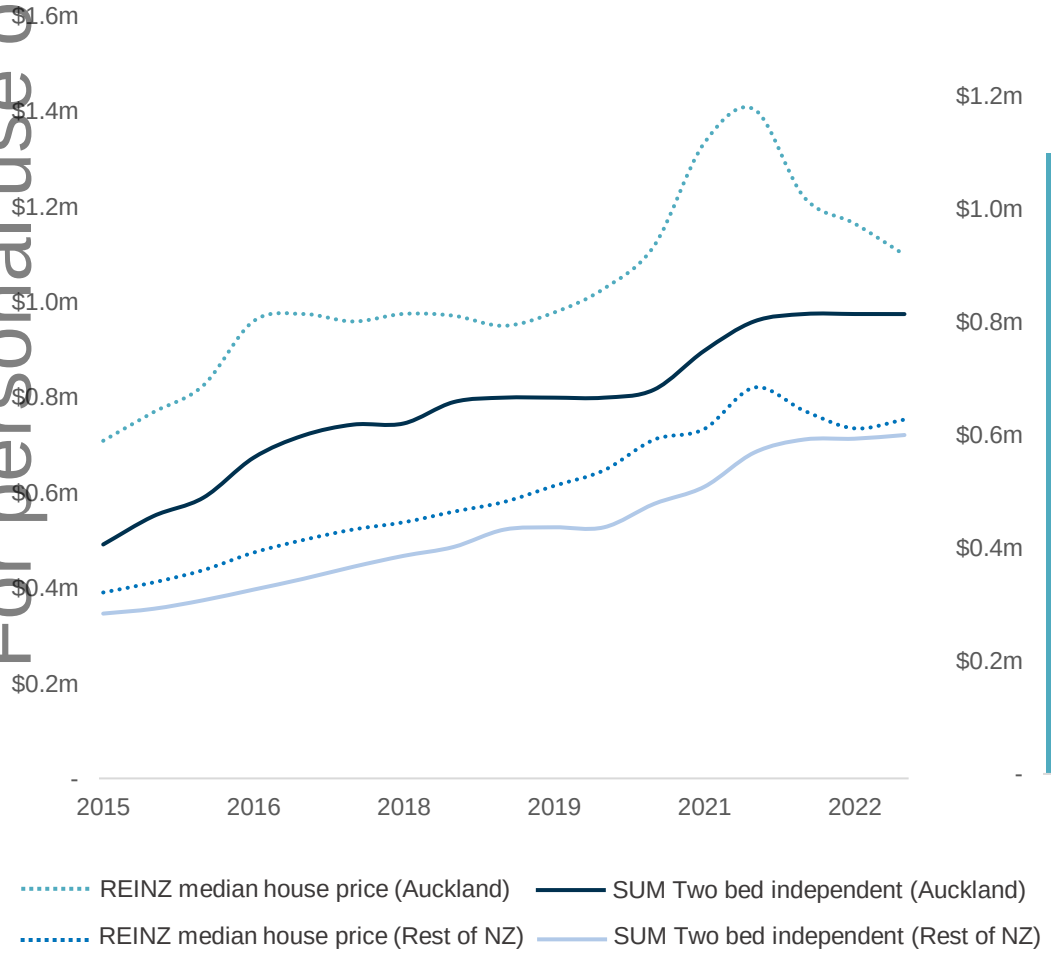
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Sales price relativity

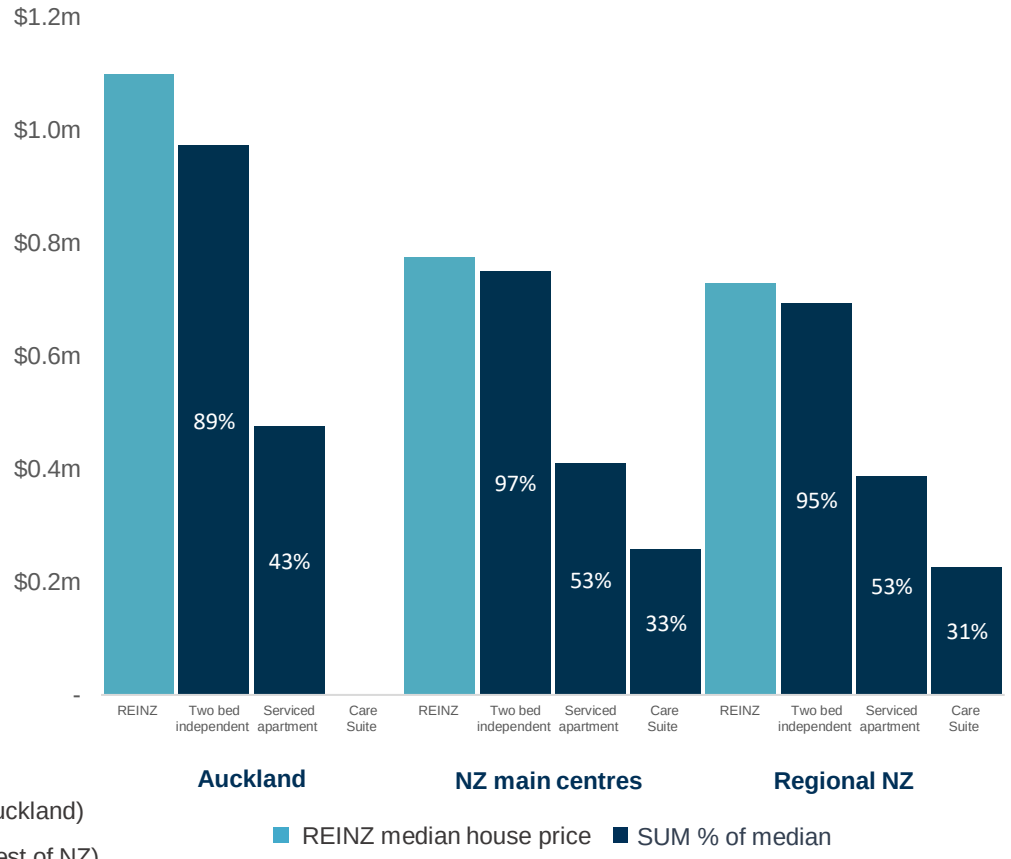
Continue to watch the residential market closely, unit pricing remains well placed

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Long term sales price relativity



Sales price relativity vs median house price



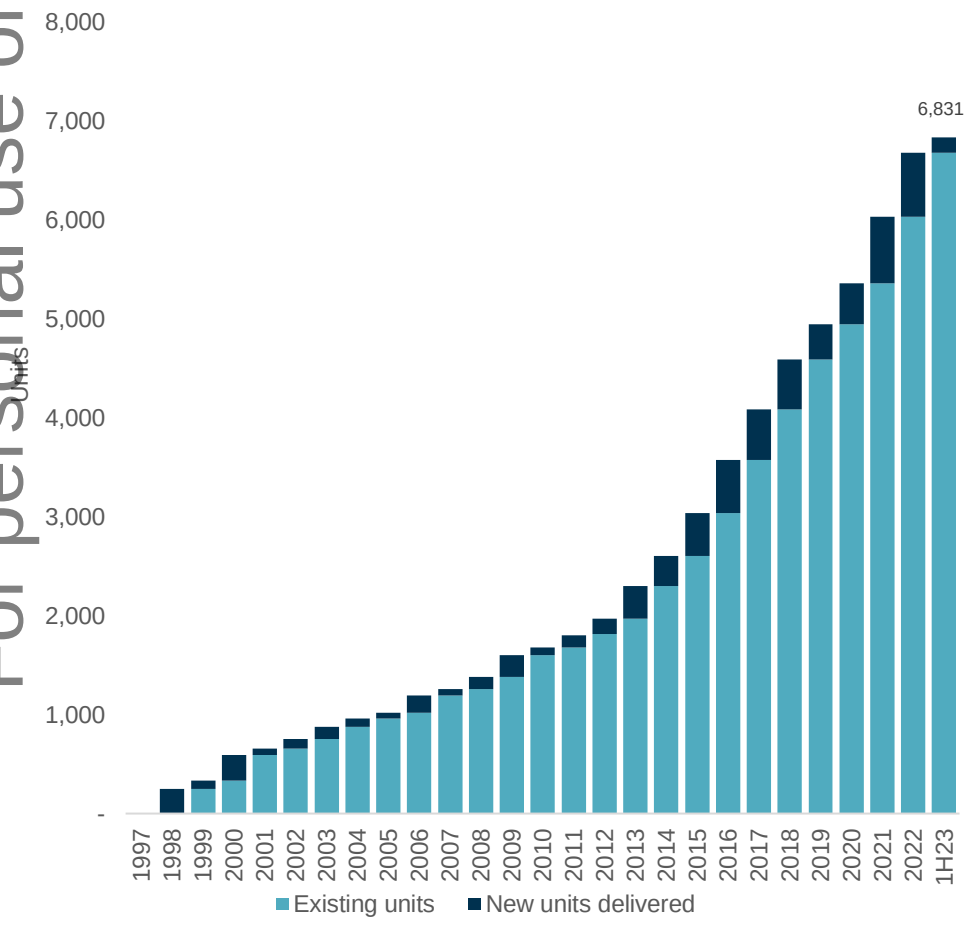
Source: REINZ, June 2023, based on Summerset catchments

Summerset growth and key demographics

25 years of consistent delivery and growth

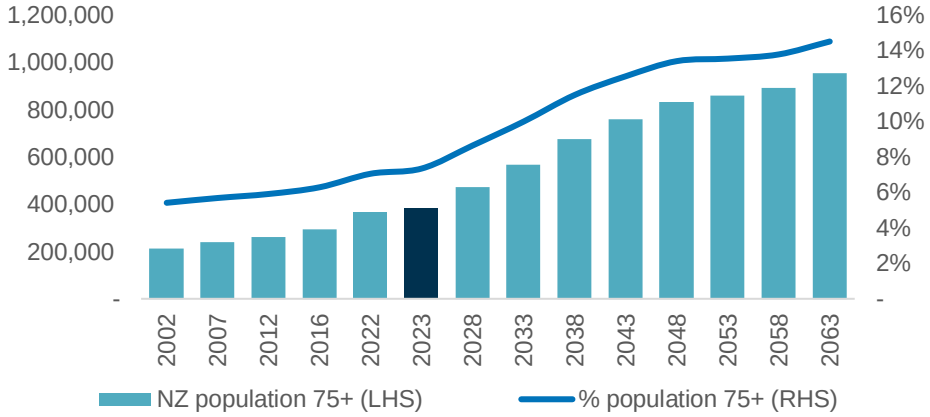
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Summerset build rate

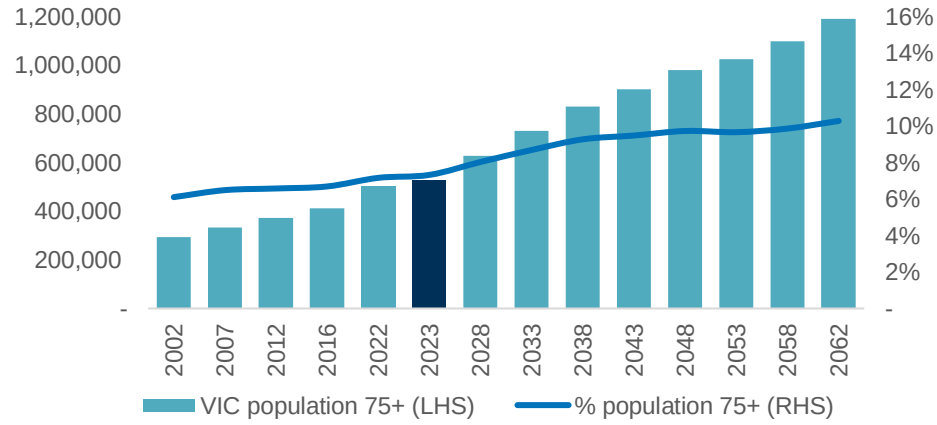


New units delivered includes retirement units, memory care apartments, care suites and care beds

New Zealand population growth 75 years and over



Victoria population growth 75 years and over



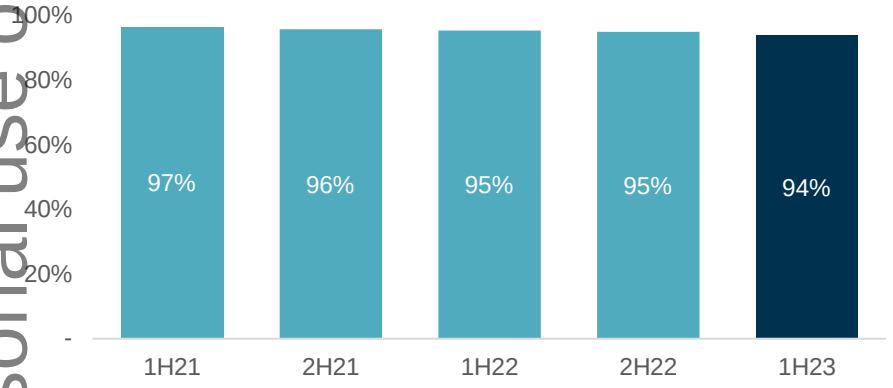
Source: Australian Bureau of Statistics and Statistics New Zealand

Customer profile & occupancy

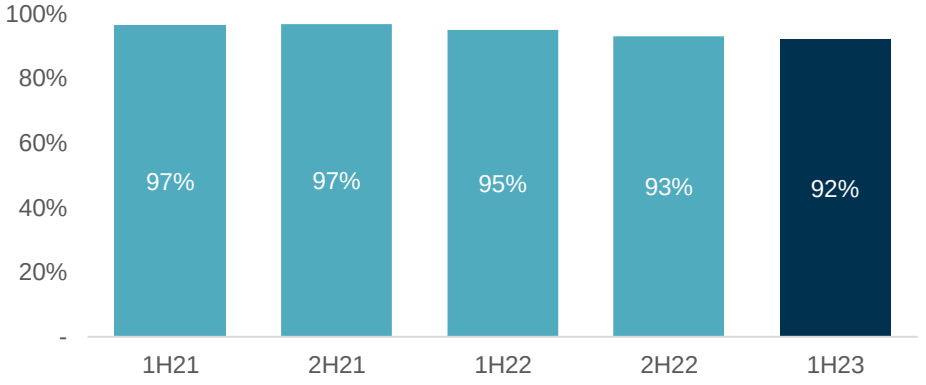
Occupancy, tenure and resident demographic statistics

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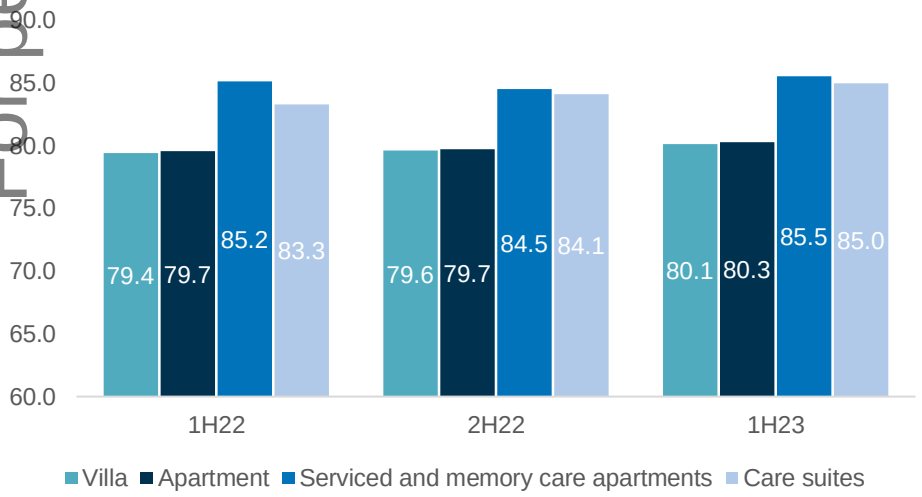
Occupancy – retirement villages



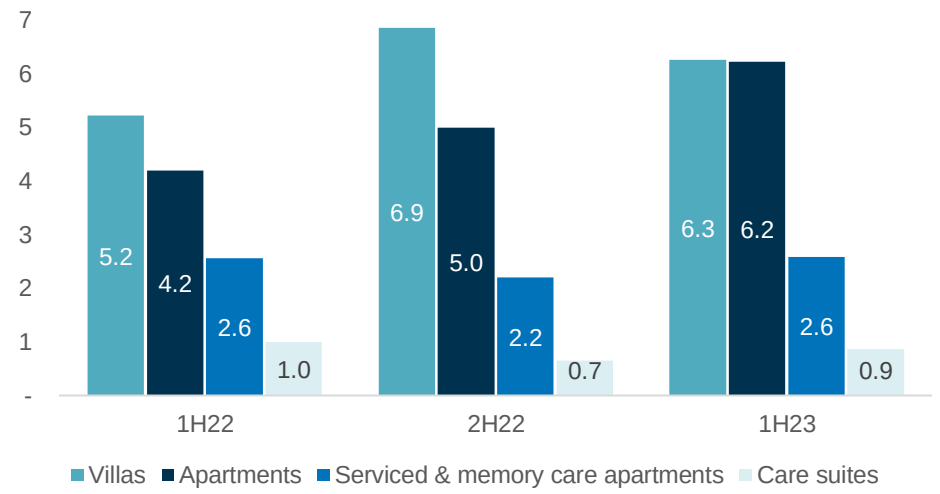
Occupancy – established care centres



Average entry age of residents (years)



Average tenure (years)



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Ngā mihi

For more information:

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

Template
Results announcement
(for Equity Security issuer/Equity and Debt Security issuer)

Updated as at June 2023

Please do not amend or delete individual rows. As this template relates to prescribed content, changes to content should only be made where it is clearly indicated that this is permitted, otherwise, if an Issuer considers a particular element does not apply, mark the row as N/A, Any other changes to this prescribed form must first be approved by NZX as required under NZX Listing Rule 3.26.1.

Results for announcement to the market		
Name of issuer	Summerset Group Holdings Limited	
Reporting Period	6 months to 30 June 2023	
Previous Reporting Period	6 months to 30 June 2022	
Currency	NZD	
	Amount (000s)	**Percentage change**
Revenue from continuing operations	$128,247	12.4%
Total Revenue	$128,247	12.4%
Net profit/(loss) from continuing operations after tax	$133,061	-1.2%
Total net profit/(loss) after tax	$133,061	-1.2%
Underlying profit*	$87,155	5.7%
Interim/Final Dividend		
Amount per Quoted Equity Security	$0.113 per Ordinary Share	
Imputed amount per Quoted Equity Security	Not imputed	
Record Date	6 September 2023	
Dividend Payment Date	19 September 2023	
	Current period	**Prior comparable period**
Net tangible assets per Quoted Equity Security	$9.88	$8.91
A brief explanation of any of the figures above necessary to enable the figures to be understood	See also other attached documents (half year report, media release, results presentation and distribution notice). * 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. Underlying profit is a measure which the Group uses consistently across reporting periods. Underlying profit is	

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	used to determine the dividend pay-out to shareholders.
Authority for this announcement	
Name of person authorised to make this announcement	Robyn Heyman
Contact person for this announcement	Robyn Heyman
Contact phone number	027 506 5562
Contact email address	Robyn.heyman@summerset.co.nz
Date of release through MAP	23 August 2023

Unaudited financial statements accompany this announcement.

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NZX
NEW ZEALAND'S EXCHANGE
TE PAEHOKO O AOTEAROA

Distribution Notice

Please note: all cash amounts in this form should be provided to 8 decimal places, including zeros (ie 0.01001000)

Section 1: Issuer information				
Name of issuer	Summerset Group Holdings Limited			
Financial product name/description	Ordinary Shares			
NZX ticker code	SUM			
ISIN (If unknown, check on NZX website)	NZSUME0001S0			
Type of distribution (Please mark with an X in the relevant box/es)	Full Year		Quarterly	
	Half Year	X	Special	
	DRP applies	X		
Record date	06/09/2023			
Ex-Date (one business day before the Record Date)	05/09/2023			
Payment date (and allotment date for DRP)	19/09/2023			
Total monies associated with the distribution[1]	$26,347,243.05900000			
Source of distribution (for example, retained earnings)	Retained earnings			
Currency	NZD			
Section 2: Distribution amounts per financial product				
Gross distribution[2]	$0.11300000			
Gross taxable amount [3]	$0.11300000			
Total cash distribution[4]	$0.11300000			
Excluded amount (applicable to listed PIEs)	$0.00000000			
Supplementary distribution amount	$0.00000000			
Section 3: Imputation credits and Resident Withholding Tax[5]				
Is the distribution imputed	No imputation			

[1] Continuous issuers should indicate that this is based on the number of units on issue at the date of the form
[2] "Gross distribution" is the total cash distribution plus the amount of imputation credits, per financial product, before the deduction of Resident Withholding Tax (**RWT**).
[3] "Gross taxable amount" is the gross distribution minus any excluded income.
[4] "Total cash distribution" is the cash distribution excluding imputation credits, per financial product, before the deduction of RWT. This should *include* any excluded amounts, where applicable to listed PIEs.
[5] The imputation credits plus the RWT amount is 33% of the gross taxable amount for the purposes of this form. If the distribution is fully imputed the imputation credits will be 28% of the gross taxable amount with remaining 5% being RWT. This does not constitute advice as to whether or not RWT needs to be withheld.

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If fully or partially imputed, please state imputation rate as % applied[6]	N/A	
Imputation tax credits per financial product	N/A	
Resident Withholding Tax per financial product	$0.03729000	
Section 4: Distribution re-investment plan (if applicable)		
DRP % discount (if any)	2%	
Start date and end date for determining market price for DRP	07/09/2023	13/09/2023
Date strike price to be announced (if not available at this time)	14/09/2023	
Specify source of financial products to be issued under DRP programme (new issue or to be bought on market)	New issue	
DRP strike price per financial product	TBA	
Last date to submit a participation notice for this distribution in accordance with DRP participation terms	07/09/2023	
Section 5: Authority for this announcement		
Name of person authorised to make this announcement	Robyn Heyman	
Contact person for this announcement	Robyn Heyman	
Contact phone number	+64 27 506 5562	
Contact email address	robyn.heyman@summerset.co.nz	
Date of release through MAP	23/08/2023	

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[6] Calculated as (imputation credits/gross taxable amount) x 100. Fully imputed dividends will be 28% as a % rate applied.