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NZX & ASX RELEASE
26 August 2024

Summerset HY Results 2024

SUMMERSET FIRST HALF UNDERLYING PROFIT $89.9M, UP 3%

- Underlying profit for 1H24 of NZ$89.9m, up 3% on 1H23
- Reported (IFRS) profit after tax of NZ$102.2m
- Total assets of NZ$7.4 billion, up 17% on 1H23
- Gearing ratio of 36.2%
- 352 new units delivered
- 588 sales of occupation rights for the half
- Development margin of 28.3%
- New site acquired in New Zealand

Retirement village operator Summerset Group Holdings Limited has announced an underlying profit of $89.9 million for the six months ended 30 June 2024, a 3% increase on the first half of 2023.

Summerset CEO Scott Scoullar said the company had delivered an underlying profit at the upper end of the guidance provided to investors in early July ($87-90m).

“We feel, in the current market, we’ve shown the continued strength of our sales pipeline, our disciplined approach to costs and the demand for our retirement living option despite the weak macroeconomic conditions we find ourselves in,” says Mr Scoullar.

Summerset recorded 588 sales comprising 290 new sales and 298 resales in the six months to 30 June 2024. Total sales for the first half of the year were the highest first half the company has recorded, with resales being particularly strong.

“The New Zealand property market saw a softer than anticipated start to 2024, restrained by high interest rates, weak consumer confidence and cost of living pressures. This has meant that some of our prospective residents have taken longer to sell their homes to enable them to move into our villages.”

The Summerset Board has declared an unimputed interim dividend of NZ11.3 cents per share. The record date will be 9 September 2024, with payment on 20 September 2024.

Summerset adds to land bank
Summerset has also announced the purchase of a new site in New Zealand in Napier (Hawke’s Bay).

“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.”

Napier is a highly desirable location to retire. There is already a strong demand for retirement village homes, with Summerset’s existing villages in Napier maintaining low levels

of stock and having very strong waitlists which will only increase with the forecast population growth for those aged 75 years.

“Our proposed Napier village will complement our two existing villages in the city, Summerset in the Bay (Greenmeadows) and Summerset Palms (Te Awa) and will be our fifth village in the Hawke’s Bay.”

The new site will offer approximately 300 units and further boost Summerset’s land bank of units, the largest in New Zealand’s retirement village sector.

Progress in Australia
“Our first Australian residents moved into our Cranbourne North village in March of this year. We’ve recently completed the village’s first stage of independent living homes and have commenced the second stage of deliveries. We broke ground on the main building in July also – another major milestone for us in Australia”, said Mr Scoullar.

“We’ve made excellent progress at our other sites too with civil works well underway at our Chirnside Park site in Melbourne’s northeast while we’ve had unanimous approval for our plans for our Oakleigh South village from the Monash Council and we have an approved development plan for our Torquay site as well.”

Aged Care Funding Failures
Mr Scoullar said Summerset and other aged care sector operators, continue to be very concerned about government underfunding in the wider aged care sector.

“Despite the industry’s continued raising of this issue, successive governments have failed to take the risks to aged New Zealanders and the wider health system seriously.”

Mr Scoullar says this will mean more and more elderly New Zealanders end up reverting to the public healthcare system where they will occupy hospital beds required by Kiwis of all ages.

“Health New Zealand’s most recent offer of a 3.2% increase in aged care funding is well below the 11% required to simply cover aged care providers’ rising costs over the last 12 months.

“We’ll continue to provide care, as it’s highly valued by our residents, but with the funding model the way it is we are focusing our care offering on smaller care facilities that are targeted at our village residents only.

“The wider aged care sector faces systemic challenges with over 60% of aged care provided by not-for-profits or charities, many of which are closing or reducing aged care beds. We will continue to strongly support the New Zealand Aged Care Association’s work to highlight the underfunding of aged care and the consequences for us all.”

ENDS

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ABOUT SUMMERSET

- Summerset is one of the leading operators and developers of retirement villages in New Zealand, with 39 villages completed or in development nationwide
- In addition, Summerset has six proposed sites at Rotorua (Bay of Plenty), Mission Hills (Napier), Palmerston North (Manawatu), Masterton (Wairarapa), Rolleston (Christchurch), Mosgiel (Dunedin)
- Summerset also has two villages in development (Cranbourne North and Chirnside Park) and five other properties in Victoria, Australia (Craigieburn, Drysdale, Mernda, Oakleigh South and Torquay)
- Summerset provides a range of living options and care services to more than 8,400 residents

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Half Year Report

2024

Summerset



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Cover: Summerset Wigram residents Ian and Gloria Peterson love the freedom their retirement village lifestyle gives them. Inside front cover: Summerset's flagship St Johns village with commanding views over Auckland city and the Waitemata harbour opens in the second half of 2024.

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OUR RESIDENTS

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





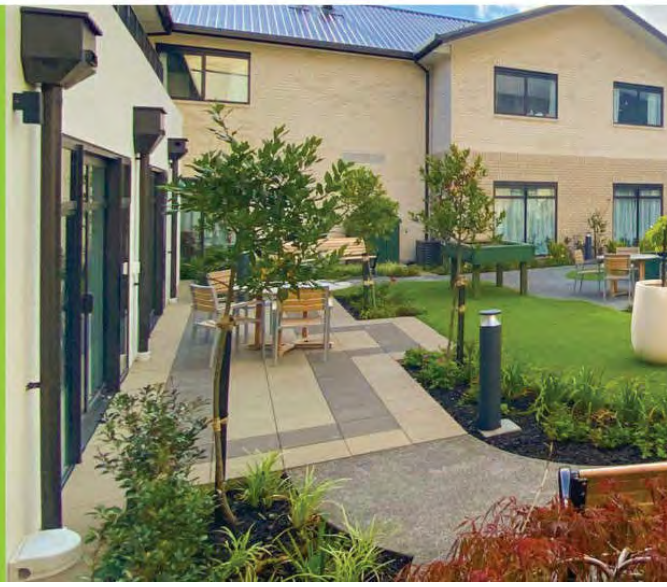
OUR ENVIRONMENT

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 2024.

The business has performed well in a very challenging market. The New Zealand property market saw a softer than anticipated start to 2024, restrained by high interest rates, weak consumer confidence and cost of living pressures. At the same time the cost of doing business has escalated with construction costs, interest rates and overheads all having increased.

Despite these conditions we recorded a $102.2 million IFRS net profit after tax in the first half of 2024 - down 23% on the same period last year, reflective of a smaller increase in property values and a higher income tax expense. Our underlying profit for the first half of the year was $89.9m, up 3% on the first six months of 2023, driven by the strength of our sales pipeline.

This result puts us at the upper end of the underlying profit guidance we provided investors in early July. We feel, in the current market, this is a strong result and that we've shown the continued strength of our sales pipeline, our disciplined approach to costs and demand for our retirement living option, despite the weak macroeconomic conditions we find ourselves in.

We recorded 588 sales of occupation rights comprising 290 new sales and 298 resales in the six months to 30 June 2024. Total sales for the first half of the year were the highest first half the company has recorded, with resales being particularly strong.

Demand continues to be strong across the country. Our prospective residents are still highly motivated, however the sluggish property market is restricting them from selling their home as quickly as they would like. This is slowing some moves to our villages.

We delivered 352 total units in the first half, of which 331 will be sold under Occupation Rights Agreements (ORA), and we remain on track to deliver between 675-725 units for the full year 2024. While that range provides 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 looking forward to opening our flagship St Johns village in Auckland. Four of the seven multi-level buildings will be officially opened later this year which will include the village centre, care centre and 60% of the village's apartments. Featuring spectacular amenities in a luxurious environment, with commanding views of the established bush surrounds, city and the Waitemata harbour, these premium residences have received good levels of presales and interest.

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

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Our villages have a vast range of events and activites, delighting residents - like Americana at Pohutukawa Place, Bell Block

Village operations and care

We have a wonderful array of activities and events that we develop and bring to our residents to participate in, or to simply enjoy.

In recognising the financial challenges New Zealanders are experiencing, associated with the cost of living, we have recently launched Retire Ready, a financial wellbeing series for those planning for, or at retirement age. Retire Ready is a partnership between Summerset and financial planner, Liz Koh, to help future residents to understand what steps they need to take to create the retirement they want, and for our current residents it provides advice on savings, investment and estate planning too.

The roll out of our resident experience services platform Lumin has progressed well and is now installed in 15 of our villages with a further three to be completed by the end of this year. With Lumin, residents can easily access their favourite Summerset entertainment programmes, receive newsletters and activities schedules, book into village events, order services and message the village team or other residents. Summerset remains one of the few village operators in the country to offer similar technology to residents.

To ensure we continue to provide the best possible experience for our care residents and adapt to their changing needs, we have commenced a pilot with six villages where we have created a remote nursing service we've called the National Clinical Support (NCS) Service.

The NCS is a 24/7 team of Summerset Registered Nurses who support the pilot village teams online or by phone. Our safe staffing ratios in our care centres (our registered nurses and caregivers to resident ratios), remain the same meaning that our care centre teams have an extra layer of suuport when caring for residents, and it allows us to share the expertise of highly qualified Registered Nurses among a number of villages. Proactive support from the centralised team has replaced the need for more clinical leadership onsite.

The pilot, along with other changes we've made in our care centres, will run for the rest of the year as we assess its potential for rolling out further.

We continue to look at what changes we need to make to provide the care our residents need and expect. Our care centre refurbishment programme, where we are upgrading the Care Centres at our Levin, Trentham and Havelock North villages, is progressing well. The Care Centres at all three villages are all under construction, with each to have new modern facilities that will meet the needs of our current and future residents.

In addition to upgrading our older care centres we've been moving more of our care suites to Occupation Rights Agreements (ORAs). We are moving to Care ORAs as they are a better product for residents and a better funding model for Summerset. Rather than having to use their fixed income to fund daily care charges residents can use the equity from their home to purchase a Care ORA.

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Aged Care Sector Funding Failures

Summerset, and many other aged care sector operators, continue to be very concerned about government underfunding in the wider aged care sector. Despite the industry's continued highlighting of this issue, successive governments have failed to take the risks to aged New Zealanders, and the wider health system, seriously.

The population of New Zealanders over 85 is approximately 93,000 and is estimated to reach 200,000 by 2040. With 54% of those aged 85+ requiring residential care at some point in their lives, New Zealand will need 54,000 care beds next year whereas it currently has 40,000.

With 66% of aged care provided by small not-for-profits or charities, an appropriate funding model needs to be found to allow these operators to continue to offer aged care services to elderly New Zealanders. At the moment they are having to close beds and facilities or charge for care which many elderly people can't afford.

This will mean more and more elderly New Zealanders end up reverting to the public healthcare system where they will occupy hospital beds required by Kiwis of all ages. The recent 3.2% increase in aged care funding from Health New Zealand - Te Whatu Ora is insufficient when an estimated 11% increase is required just for aged care providers to break even. It is obvious the current situation is unsustainable.

Summerset's care offering, and our continuum of care model, is a very important part of why residents choose to live at Summerset. As a large company Summerset can, and will, continue to keep providing care.

> We are committed to continuing to provide high quality care for our village residents, in case they need it later in life, and we will continue to invest in care.

However, our ability to provide care to people from outside our villages is reducing as we're not funded adequately to do so. We need to think of our residents first and we can't continue to subsidise other's care with our profits.

With this funding issue continuing to be ignored, our future care centres will be smaller and we will have fewer memory care beds instead of putting them into almost all our new builds, as we have been until now.

While we will continue to offer care and memory care, it is the wider sector that faces systemic challenges. We will continue to strongly support the New Zealand Aged Care Association's work to highlight the underfunding of aged care and the consequences for us all.

Our people

Summerset is a people centred business employing almost 3,000 staff across New Zealand and Victoria, Australia. Without great people supporting our residents we wouldn't be able to achieve our purpose of bringing the best of life. We regularly run staff engagement surveys with our people. Our engagement score for this half was 8.2 out of 10 which puts us in the top 25 per cent of global healthcare providers using the same engagement survey. This is a testament to the environment we foster at our offices, villages and construction sites.

In March, we celebrated Frontliner Day. It's a day dedicated to thanking and celebrating all our hardworking



Summerset on Summerhill Village Manager, Tarsh McConchie, was named the Supreme Award winner at the Summerset Applause Awards 2024



Summerset's recently acquired site for a proposed village at Mission Hills, Napier (boundary line is indicative only)

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frontline staff – nurses, therapists, office staff, property and gardening teams, food services teams, kaitiaki, housekeepers, laundry staff, caregivers, activities coordinators and people leaders working in our villages. Village staff received gifts and we created "gratitude walls" which were displayed front and centre in each village for frontliners' colleagues, residents and residents' families to express their appreciation for the work of village staff, with handwritten notes. For those unable to make it into a village a digital gratitude wall was created with hundreds of messages from around New Zealand and the world. We publicly thanked our people too with full page ads in a number of newspapers and digital advertising.

In May, we had the opportunity to celebrate our people at our annual Applause Awards, Summerset's staff recognition event. We had a record 2,200 nominations across the 37 award categories, and finalists were hosted at a gala event that was also live-streamed to our villages and on Facebook for residents, friends, family and colleagues to share in the occasion.

We believe that technology will have a major role to play in making our resident's lives easier and it is a large part of our 10-year strategy. In light of this we have created a new Chief Digital Officer role and appointed Robyn Gillespie who will join Summerset later this year. Robyn has over 30 year's experience in senior tech roles and joins us from WSP where she has been the Chief Information and Operating Officer for the past nine years. Robyn, and her Group Technology team, will play a key role in investigating and rolling out technology that will add to our residents' experience with us.

Growth, development and construction

Our design and consenting programme remains very well positioned in both New Zealand and Australia and we maintain very strong levels of product and geographic differentiation, building in 19 locations across both countries.

As a largely broadacre developer, we build our villages in stages, meaning that we have the ability to respond quickly to any change in demand and/or market pressures, including making decisions around timing to start building new villages and main buildings. It also allows us to recycle capital quickly to continue investing in our growth.

New Zealand

In New Zealand our development pipeline continues to grow and we're very pleased to announce the acquisition of a new site at Mission Hills in Napier, to complement our two existing Napier villages (Summerset Palms, Te Awa and Summerset in the Bay, Greenmeadows). It will be our fifth village in the Hawke's Bay region.

Napier is a highly desirable location to retire. There is already a strong demand for retirement village homes, with our existing villages in Napier maintaining low levels of stock and having very strong waitlists, which will only increase with the forecast population growth for those aged 75 years.

The site is located within the new Mission Hills subdivision, a high-quality, master planned community, southeast of Napier City's CBD that will have up to 800 new homes built in the next decade. The elevated site offers expansive views of the coast and surrounding rural landscape.

The subdivision has a proposed neighbourhood centre which will feature boutique retail outlets and a community reserve. It's also just a six-minute drive from Taradale village, providing future residents with convenient access to a variety



Independent living villas at our Cranbourne North village Melbourne, designed with the Australian climate in mind

of specialty stores, shopping, cafés, restaurants, a medical centre and weekly markets.

At the end of 2023 we received resource consent for our Kelvin Grove village in Palmerston North and have also since been granted consent for an extension to the land. Our Masterton and Rotorua villages have their resource consent applications in progress as well.

Purchasing land adjacent to our existing villages is a continued focus of our development. These opportunities allow us to meet demand, and increase the cost-effectiveness of our villages, as we add high-margin independent units to a village that already has an established village centre building, complete with care and the recreational facilities our residents desire.

We have prudently managed our build rates to align with market demand and economic conditions. During the first half of 2024, we delivered 352 new homes and have made significant progress with construction underway at a total of 17 villages across ten regions in New Zealand, including three care centre refurbishments.

Construction commenced at our Rangiora site, and work is progressing well on our two lightweight (timber) regional village centre buildings at our Cambridge and Whangārei villages.

At Boulcott, in Lower Hutt, we delivered the village centre's administration, recreational and dining spaces along with the Memory Care centre and Serviced Apartments at the end of May. These facilities are further enhanced by the stunning outlook they have over the neighbouring golf course towards the Hutt River.

In Auckland, our St Johns village is nearing the first stage of completion, and we look forward to welcoming our first residents in the coming months. We have now fully completed our Summerset on Cavendish village at Casebrook in Christchurch and opened the village centre at Summerset by the Dunes in Pāpāmoa. The new village centre, which in addition to providing our superb range of recreational amenities for the village's residents to enjoy, includes Serviced Apartments, Care and Memory Care centres.

We were pleased that our work to deliver Summerset on the Landing in Kenepuru was this year awarded Gold at the Master Builders Commercial Project Awards. This prestigious awards programme sets the benchmark for commercial construction in New Zealand and celebrates collaboration and innovation across the building industry. What sets these awards apart is that they focus on recognising the contribution of the whole project team, the people who brought the project to life, rather than just the building itself.

Australia

Having laid the foundations for growth, we are carefully building momentum with our Australian portfolio.

We have reached a number of important milestones in the first half of 2024 including further progress at our first village in Cranbourne North, ground broken at our second village of Chirnside Park, and have secured approvals for plans at our Oakleigh South and Torquay villages.

- The first homes at our Cranbourne North village were completed at the end of 2023 and we welcomed our first residents this year. The village provides independent living homes in a mix of villas and cottages. With the first stage of independent living now complete, and with sales tracking well, we have commenced

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delivery of the second stage of homes.

- Construction is due to commence in the coming months on the Cranbourne North village centre building which will be the hub of the community with extensive amenities including a wellness centre, pool, café, library, theatre, dining areas, alfresco terrace together with a range of serviced apartments and residential aged care. Plans are in place for the creation of a pocket-park for public use to open later this year.
- We have also broken ground at our second village site, Chirnside Park, in Melbourne's northeast. The village is located within the Chirnside Park town centre precinct with panoramic views to the Yarra Valley.
- In May, Monash Council unanimously approved our plans for a new village at Oakleigh South in Melbourne's inner east. Located next door to the Metropolitan Golf Club, this village is a boutique offering.
- In June we lodged a planning permit with Surf Coast Council for a new village in the coastal town of Torquay. This follows Council's approval of our development plan in April this year which allows up to 290 independent and assisted retirement units and 80 residential aged care beds. Our development will also see the creation of a large new public park as well as providing long awaited upgrades to surrounding streets.

The design and planning processes for our other Australian sites at Drysdale and Mernda continue to progress well, and we have now received consent for Cragieburn.

Our place in the community

Summerset residents and staff are engaged and active in their communities, and we consider it important to support initiatives that are local, and of interest to each village. We have supported around 220 community groups, clubs and associations, such as bowling, bridge, golf, theatre groups and more over the last year.

With our increased presence in Australia, our community involvement is also increasing with our most recent local partnership with the Torquay Bowls Club to support their activities and includes prizemoney towards a Summerset sponsored Tournament.

Additionally, Summerset has national sponsorship partnerships and is proud to continue to support the following organisations in New Zealand:

- New Zealand Symphony Orchestra
- Netball New Zealand
- Bowls New Zealand
- Dementia New Zealand
- Alzheimers New Zealand
- Hato Hone St Johns
- GT NZ Championship

Our long-term success in building and maintaining our brand in a highly competitive market has been rewarded with Summerset being announced as a finalist in the 2024 New Zealand Marketing Awards. In the period following the launch of new brand work in 2019 up until Q1 2024, Summerset's brand awareness grew significantly. Our ability to reflect vitality and freedom of aging and retirement in our communications, saw the number of people who would consider Summerset for their retirement living increase and this has been reflected in increased sales leads for our villages.

Over the last five years, we've consistently been recognised as a Highly Commended Trusted Brand by Reader's Digest. Most recently we took out Aged Advisor's People's Choice award 2023, and Gold in Readers' Digest Quality Service Award 2024. This external recognition tells us Summerset is a liked and trusted brand, demonstrating the strength of our brand and marketing strategy in breaking down old perceptions of the retirement sector.

Our commitment to sustainability

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. In February this year our Sustainability Review and Climate-Related Disclosures FY23 Report was released, the first time the company has reported climate-related disclosures.

We've been measuring, managing and reporting on our carbon footprint since 2017. We take our commitment to sustainability very seriously and we've worked hard to embed sustainable practices right across our business. Waste reduction in our construction business continues to be a major focus for our business. At all construction sites we work hard to reduce waste wherever possible. A great deal of work has also been done reviewing the entire building life cycle from design, procurement, pre-construction through to waste treatment.

Our sustainability initiative "Building out waste by Thinking Green" runs across our Australia and

New Zealand construction sites. We started our construction waste avoidance programme in New Zealand in October 2021, when we made the commitment to mandating the separation of waste at all New Zealand construction sites. To date, through this initiative, we have diverted over 7,000 tonnes of construction waste from landfill.

This work continues to be recognised as we demonstrate the positive incremental results of reducing our environmental impact. Firstly by the Retirement Villages Association (RVA) Sustainability Awards where, following our win of the category in 2023, we have been announced as a 2024 finalist in the operator-led category for our waste reduction work.

Our waste avoidance initiative was recognised as a Sustainability Leader in the Property & Construction category by the *Australian Financial Review* too. The Sustainability Leaders list is run in association with Boston Consulting Group and recognises those businesses who are taking steps in Australia to make their businesses more sustainable.

With two villages now under construction in Australia, our entry showcased the achievements of this initiative in both countries, and also importantly for Australia the potential benefits as our development pipeline grows.

Our solar panels initiative at our Summerset Richmond Ranges village has also been made a finalist for the RVA's operator -led sustainability award. This work involved the installation of 310 solar panels on the main building to harness renewable energy, significantly reduce the village's carbon footprint, with the additional benefits of delivering cost savings and energy resilience.

We're proud to be recognised by these organisations as a market leader for retirement village operators and in the construction sector for this initiative.

Looking ahead

We remain on track to deliver the 675-725 new homes in 2024, including significant deliveries in the second half of the year, with the planned opening of our St Johns village.

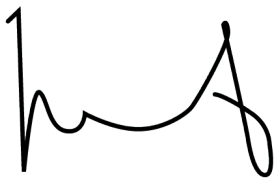
The economic outlook remains constrained and we continue to see broader tough property market conditions, but we have demonstrated that we can continue to grow and deliver during challenging times like these.

> 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 continue to grow.

We are conscious that our year end result is dependent on an uplift in new sales in the second half of this year. We have confidence at this point that those sales will be achieved as our physical deliveries of new stock remain on track.

We will keep working hard to deliver positive financial results for shareholders, while also ensuring the standard of our retirement living and care services meets the expectations of our residents now and into the future.

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

26 August 2024

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Our village surroundings are beautifully designed to be accessible and inviting for residents to enjoy

Snapshot

Our people

8,400+
Residents

2,900+
Staff members

Our care

1,359
Care units
(which includes beds)
in portfolio

1,337
Care units
(Which includes beds)
in land bank in
New Zealand and Australia

Our portfolio

6,364
Retirement units

$7.4b
Total assets

5,301
Retirement
units
in land bank in
New Zealand
and Australia

41
Villages completed or
under development

588
Sales of
Occupation Rights

11
Greenfield sites

Our performance

$102.2m
Net profit after tax

$89.9m
Underlying profit

$191.6m
Operating cash flow

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The village centre building at Summerset by the Dunes, Pāpāmoa opened in February 2024

Half Year Financial Highlights

	1H2024	1H2023	% Change	FY2023
Net profit before tax (NZ IFRS) ($000)	120,760	128,108	-6%	422,480
Net profit after tax (NZ IFRS) ($000)	102,160	133,061	-23%	436,319
Underlying profit ($000)[1]	89,925	87,155	3.2%	190,289
Total assets ($000)	7,362,709	6,298,019	16.9%	6,941,681
Net tangible assets (cents per share)	1,143.00	987.71	15.7%	1,110.41
Net operating cash flow ($000)	191,619	146,665	30.7%	398,175

1 Underlying profit differs from NZ IFRS profit for the period

	1H2024	1H2023	% Change	FY2023
New sales of Occupation Rights	290	241	20.3%	560
Resales of Occupation Rights	298	242	23.1%	543
Realised development margin ($000)	51,716	55,981	-7.6%	121,231
Realised gains on resales ($000)	45,694	34,559	32.2%	88,131
New Occupation Right units delivered	331	152	117.8%	643

Non-GAAP Underlying Profit

$000	1H2024	1H2023	% Change	FY2023
Profit for the period[1]	102,160	133,061	-23%	436,319
Less: fair value movement of investment property[1]	(128,388)	(131,493)	-2%	(441,553)
Add impairment of assets and other non-cash items[1]	143	-	-	-
Add: realised gain on resales	45,694	34,559	32.2%	88,131
Add: realised development margin	51,716	55,981	-7.6%	121,231
(Less)/add: deferred tax (credit)/expense[1]	18,600	(4,953)	-475.5%	(13,839)
Underlying profit	**89,925**	**87,155**	**3.2%**	**190,289**

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 2024

	NOTE	6 MONTHS JUN 2024 UNAUDITED $000	6 MONTHS JUN 2023 UNAUDITED $000	12 MONTHS DEC 2023 AUDITED $000
Care fees and village services		93,100	77,509	165,945
Deferred management fees		57,954	49,810	104,557
Other income		592	928	1,701
Total revenue		**151,646**	**128,247**	**272,203**
Fair value movement of investment property	5, 6	128,388	131,493	441,553
Total income		**280,034**	**259,740**	**713,756**
Operating expenses	3	(137,334)	(111,685)	(247,983)
Depreciation and amortisation expense		(9,183)	(7,348)	(15,797)
Total expenses		**(146,517)**	**(119,033)**	**(263,780)**
Operating profit before financing costs		**133,517**	**140,707**	**449,976**
Finance costs		(12,757)	(12,599)	(27,496)
Profit before income tax		**120,760**	**128,108**	**422,480**
Income tax (expense)/credit	4	(18,600)	4,953	13,839
Profit for the period		**102,160**	**133,061**	**436,319**
Basic earnings per share (cents)	10	43.54	57.31	187.43
Diluted earnings per share (cents)	10	43.47	57.20	187.09

The accompanying notes form part of these financial statements.

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Statement of Comprehensive Income

For the six months ended 30 June 2024

	NOTE	6 MONTHS JUN 2024 UNAUDITED $000	6 MONTHS JUN 2023 UNAUDITED $000	12 MONTHS DEC 2023 AUDITED $000
Profit for the period		**102,160**	**133,061**	**436,319**
Fair value movement of interest rate swaps		8,621	(3,500)	(24,627)
Tax on items of other comprehensive income	4	(2,482)	1,024	7,082
Loss on translation of foreign currency operations		(1,980)	(1,010)	(200)
Other comprehensive income that will be reclassified subsequently to profit or loss for the period net of tax		**4,159**	**(3,486)**	**(17,745)**
Net revaluation of property, plant and equipment		-	-	33,793
Tax on items of other comprehensive income	4	-	-	(9,462)
Other comprehensive income that will not be reclassified subsequently to profit or loss for the period net of tax		**-**	**-**	**24,331**
Total comprehensive income for the period		**106,319**	**129,575**	**442,905**

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 2024

	SHARE CAPITAL	HEDGING RESERVE	REVALUATION RESERVE	RETAINED EARNINGS	FOREIGN CURRENCY TRANSLATION RESERVE	TOTAL EQUITY
	$000	$000	$000	$000	$000	$000
As at 1 January 2023	**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**
Profit for the period	-	-	-	303,258	-	303,258
Other comprehensive income for the period	-	(15,069)	24,331	-	810	10,072
Total comprehensive income for the period	**-**	**(15,069)**	**24,331**	**303,258**	**810**	**313,330**
Dividends paid	-	-	-	(26,351)	-	(26,351)
Shares issued	10,220	-	-	-	-	10,220
Employee share plan option cost	1,571	-	-	-	-	1,571
As at 31 December 2023 (audited)	**366,912**	**1,304**	**87,891**	**2,149,527**	**(266)**	**2,605,368**
Profit for the period	-	-	-	102,160	-	102,160
Other comprehensive income for the period	-	6,139	-	-	(1,980)	4,159
Total comprehensive income for the period	**-**	**6,139**	**-**	**102,160**	**(1,980)**	**106,319**
Dividends paid	-	-	-	(30,926)	-	(30,926)
Shares issued	13,834	-	-	-	-	13,834
Employee share plan option cost	1,929	-	-	-	-	1,929
As at 30 June 2024 (unaudited)	**382,675**	**7,443**	**87,891**	**2,220,761**	**(2,246)**	**2,696,524**

The accompanying notes form part of these financial statements.

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Statement of Financial Position

As at 30 June 2024

	NOTE	6 MONTHS JUN 2024 UNAUDITED $000	6 MONTHS JUN 2023 UNAUDITED $000	12 MONTHS DEC 2023 AUDITED $000
Assets				
Cash and cash equivalents		20,979	34,964	12,648
Trade and other receivables		46,276	40,544	44,330
Interest rate swaps		18,137	25,834	19,308
Asset held for sale	5	43,500	45,000	45,000
Property, plant and equipment		428,918	348,082	403,248
Intangible assets		8,105	8,346	8,421
Investment property	6	6,793,551	5,795,249	6,407,150
Investments		3,243	-	1,576
Total assets		**7,362,709**	**6,298,019**	**6,941,681**
Liabilities				
Trade and other payables		166,829	169,296	172,670
Employee benefits		30,803	23,846	30,753
Revenue received in advance		197,911	171,559	185,514
Interest rate swaps		9,562	9,894	16,628
Residents' loans	7	2,671,467	2,286,656	2,507,112
Interest-bearing loans and borrowings	8	1,539,416	1,293,814	1,393,523
Lease liability		13,060	14,929	14,130
Deferred tax liability	4	37,137	21,427	15,983
Total liabilities		**4,666,185**	**3,991,421**	**4,336,313**
Net assets		**2,696,524**	**2,306,598**	**2,605,368**
Equity				
Share capital		382,675	355,121	366,912
Reserves		93,088	78,857	88,929
Retained earnings		2,220,761	1,872,620	2,149,527
Total equity attributable to shareholders		**2,696,524**	**2,306,598**	**2,605,368**

The accompanying notes form part of these financial statements.

Authorised for issue on 23 August 2024 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 2024

	6 MONTHS JUN 2024 UNAUDITED $000	6 MONTHS JUN 2023 UNAUDITED $000	12 MONTHS DEC 2023 AUDITED $000
Cash flows from operating activities			
Receipts from residents:			
- care fees and village services	89,921	77,826	165,341
- residents' loans - new occupation right agreements	168,777	158,192	362,713
- residents' loans - resales of occupation right agreements (net)	65,695	22,885	104,576
Interest received	450	929	1,701
Payments to suppliers and employees	(133,224)	(113,167)	(236,156)
Net cash flow from operating activities	**191,619**	**146,665**	**398,175**
Cash flows to investing activities			
Sale of investment property	507	-	-
Payments for investment property:			
- land	(1,746)	(53,847)	(56,489)
- construction of retirement units and village facilities	(215,774)	(215,853)	(479,809)
- refurbishment of retirement units and village facilities	(9,900)	(7,727)	(19,391)
Payments for property, plant and equipment:			
- construction of care centres[1]	(18,482)	(24,495)	(45,230)
- refurbishment of care centres	(296)	(370)	(128)
- other	(8,667)	(4,581)	(10,760)
Payments for intangible assets	(690)	(1,331)	(2,281)
Capitalised interest paid	(37,129)	(23,901)	(52,794)
Acquisition of long-term investments	(1,614)	-	(1,587)
Net cash flow to investing activities	**(293,791)**	**(332,105)**	**(668,469)**
Cash flows from financing activities			
Net proceeds from borrowings	18,058	51,871	247,928
Proceeds from issue of retail bonds	125,000	175,000	175,000
Repayment of retail bonds	-	-	(100,000)
Interest paid on borrowings	(13,703)	(12,988)	(28,374)
Payments in relation to lease liabilities	(1,500)	(1,178)	(2,614)
Dividends paid	(17,424)	(17,743)	(34,288)
Net cash flow from financing activities	**110,431**	**194,962**	**257,652**

1 Included in the construction of care centres is $3.2m relating to care centre upgrades. (Jun 2023: nil, Dec 2023: $1.7m)

The accompanying notes form part of these financial statements.

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Statement of Cash Flows (continued)

For the six months ended 30 June 2024

	6 MONTHS JUN 2024 UNAUDITED	6 MONTHS JUN 2023 UNAUDITED	12 MONTHS DEC 2023 AUDITED
	$000	$000	$000
Net increase/(decrease) in cash and cash equivalents	8,259	9,522	(12,642)
Cash and cash equivalents at beginning of period	12,648	25,347	25,347
Foreign currency translation adjustment	72	95	(57)
Cash and cash equivalents at end of period	**20,979**	**34,964**	**12,648**

The accompanying notes form part of these financial statements.

Reconciliation of Operating Results and Operating Cash Flows

For the six months ended 30 June 2024

	6 MONTHS JUN 2024 UNAUDITED	6 MONTHS JUN 2023 UNAUDITED	12 MONTHS DEC 2023 AUDITED
	$000	$000	$000
Profit for the period	**102,160**	**133,061**	**436,319**
Adjustments for:			
Depreciation and amortisation expense	9,183	7,348	15,797
Fair value movement of investment property	(128,388)	(131,493)	(441,553)
Finance costs paid	12,757	12,599	27,496
Income tax expense/(credit)	18,600	(4,953)	(13,839)
Deferred management fees amortisation	(57,954)	(49,810)	(104,557)
Employee share plan option cost	2,334	1,744	3,764
Other non-cash items	147	31	26
	(143,321)	**(164,534)**	**(512,866)**
Movements in working capital			
Net increase in trade and other receivables	(2,337)	(5,684)	(7,596)
Net increase/(decrease) in employee benefits	483	(3,795)	3,614
Net (decrease)/increase in trade and other payables	(720)	6,083	7,369
Net increase in residents' loans net of non-cash amortisation	235,354	181,534	471,335
	232,780	**178,138**	**474,722**
Net cash flow from operating activities	**191,619**	**146,665**	**398,175**

The accompanying notes form part of these financial statements.

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Notes to the financial statements

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For the six months ended 30 June 2024

1. Summary of accounting policies

The consolidated interim financial statements presented for the six months ended 30 June 2024 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 2024 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 2023.

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.

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 2024 amounted to $24.7 million (Jun 2023: $18.9 million, Dec 2023: $44.3 million). No other customers individually contribute a significant proportion of the Group revenue.

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Comparative information

The statement of Cash Flows presentation has been amended to remove the separate disclosure of cash receipts from residents relating to deferred management fees. The amendment has been applied retrospectively and the impact on the comparative periods is shown below:

	12 MONTHS DEC 2023 AUDITED Reported $000	Reclass $000	12 MONTHS DEC 2023 AUDITED Reclassified $000
Statement of Cash Flows			
Receipts from residents:			
- residents' loans - new occupation right agreements	266,703	96,010	362,713
- residents' loans - resales of occupation right agreements (net)	44,784	59,792	104,576
- deferred management fees	155,802	(155,802)	-

2. Non-GAAP underlying profit

	Ref	6 MONTHS JUN 2024 UNAUDITED $000	6 MONTHS JUN 2023 UNAUDITED $000	12 MONTHS DEC 2023 AUDITED $000
Profit for the period		102,160	133,061	436,319
Less fair value movement of investment property	a)	(128,388)	(131,493)	(441,553)
Add impairment of assets and other non-cash items	b)	143	-	-
Add realised gain on resales	c)	45,694	34,559	88,131
Add realised development margin	d)	51,716	55,981	121,231
Add/(less) deferred tax expense/(credit)	e)	18,600	(4,953)	(13,839)
Underlying profit		**89,925**	**87,155**	**190,289**

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) Add impairment of assets and other non-cash items: remove the impact of non-operating one-off items and 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.

Notes to the financial statements (continued)

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 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) Add/(less) deferred tax expense/(credit): 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 2024 UNAUDITED	6 MONTHS JUN 2023 UNAUDITED	12 MONTHS DEC 2023 AUDITED
	$000	$000	$000
Employee expenses	89,965	68,703	153,478
Property-related expenses	14,408	12,374	26,643
Repairs and maintenance expenses	4,933	4,561	10,041
Other operating expenses	28,028	26,047	57,821
Total operating expenses	**137,334**	**111,685**	**247,983**

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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 2024 UNAUDITED $000	6 MONTHS JUN 2023 UNAUDITED $000	12 MONTHS DEC 2023 AUDITED $000
Tax expense comprises:			
Deferred tax relating to the origination and reversal of temporary differences	18,600	(4,953)	(13,839)
Total tax expense/(credit) reported in income statement	**18,600**	**(4,953)**	**(13,839)**

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 2024 UNAUDITED		6 MONTHS JUN 2023 UNAUDITED		12 MONTHS DEC 2023 AUDITED	
	$000	%	$000	%	$000	%
Profit before income tax	**120,760**		**128,108**		**422,480**	
Income tax using the corporate tax rate	33,813	28.0%	35,870	28.0%	118,294	28.0%
Capitalised interest	(9,552)	(7.9%)	(6,240)	(4.9%)	(14,267)	(3.4%)
Other non-deductible expenses	4,002	3.3%	232	0.2%	686	0.2%
Non-assessable investment property revaluations	(39,451)	(32.7%)	(38,140)	(29.8%)	(126,539)	(30.0%)
Removal of tax depreciation on non-residential buildings	28,894	23.9%	-	0.0%	-	0.0%
Other	894	0.7%	3,325	2.6%	6,881	1.6%
Prior period adjustments	-	0.0%	-	0.0%	1,106	0.3%
Total income tax expense/(credit)	**18,600**	**15.3%**	**(4,953)**	**(3.9%)**	**(13,839)**	**(3.3%)**

Notes to the financial statements (continued)

The Group tax losses are as follows:

	6 MONTHS JUN 2024 UNAUDITED $000	6 MONTHS JUN 2023 UNAUDITED $000	12 MONTHS DEC 2023 AUDITED $000
Tax losses available	674,903	522,314	601,269
Tax effected	189,618	146,905	169,017
Unrecognised tax losses	10,081	3,375	7,918

(b) Amounts charged or credited to other comprehensive income

	6 MONTHS JUN 2024 UNAUDITED $000	6 MONTHS JUN 2023 UNAUDITED $000	12 MONTHS DEC 2023 AUDITED $000
Tax expense comprises:			
Net gain on revaluation of property, plant and equipment	-	-	9,462
Fair value movement of interest rate swaps	2,482	(1,024)	(7,082)
Total tax expense/(credit) reported in statement of comprehensive income	**2,482**	**(1,024)**	**2,380**

(c) Amounts charged or credited directly to equity

	6 MONTHS JUN 2024 UNAUDITED $000	6 MONTHS JUN 2023 UNAUDITED $000	12 MONTHS DEC 2023 AUDITED $000
Tax expense comprises:			
Deferred tax relating to employee share option plans	72	(90)	(52)
Total tax expense/(credit) reported directly in equity	**72**	**(90)**	**(52)**

(d) Imputation credit account

There were no imputation credits received or paid during the half year and the balance at 30 June 2024 is nil (Jun 2023 and Dec 2023: nil).

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(e) Deferred tax

Movement in the deferred tax balance comprises:

	BALANCE 1 JAN 2024	RECOGNISED IN INCOME	RECOGNISED DIRECTLY IN EQUITY	RECOGNISED IN OCI*	BALANCE 30 JUN 2024 UNAUDITED
	$000	$000	$000	$000	$000
Property, plant and equipment	37,757	26,781	-	-	64,538
Investment property	58,595	153	-	-	58,748
Revenue in advance	84,597	10,207	-	-	94,804
Interest rate swaps	635	-	-	2,482	3,117
Income tax losses not yet utilised	(161,099)	(18,438)	-	-	(179,537)
Right of use asset	3,989	(393)	-	-	3,596
Lease liability	(4,525)	362	-	-	(4,163)
Other items	(3,966)	(72)	72	-	(3,966)
Net deferred tax liability	**15,983**	**18,600**	**72**	**2,482**	**37,137**

	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)
Right of use asset	4,699	(402)	-	-	4,297
Lease liability	(5,271)	413	-	-	(4,858)
Other items	(3,904)	598	(90)	-	(3,396)
Net deferred tax liability	**27,494**	**(4,953)**	**(90)**	**(1,024)**	**21,427**

** Other comprehensive income*

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Notes to the financial statements (continued)

	BALANCE 1 JAN 2023	RECOGNISED IN INCOME	RECOGNISED DIRECTLY IN EQUITY	RECOGNISED IN OCI*	BALANCE 31 DEC 2023 AUDITED
	$000	$000	$000	$000	$000
Property, plant and equipment	30,321	(2,026)	-	9,462	37,757
Investment property	54,435	4,160	-	-	58,595
Revenue in advance	66,159	18,438	-	-	84,597
Interest rate swaps	7,717	-	-	(7,082)	635
Income tax losses not yet utilised	(126,662)	(34,437)	-	-	(161,099)
Right of use asset	4,699	(710)	-	-	3,989
Lease liability	(5,271)	746	-	-	(4,525)
Other items	(3,904)	(10)	(52)	-	(3,966)
Net deferred tax liability	**27,494**	**(13,839)**	**(52)**	**2,380**	**15,983**

** Other comprehensive income*

(f) Income tax legislation amendments during the period

During the period, the Taxation (Annual Rates for 2023-24, Multinational Tax and Remedial Matters) Act received royal assent on 28 March 2024, with effect from 1 January 2024. This Act removed the ability to claim tax depreciation on non-residential buildings, resulting in the removal of the tax base on certain buildings for deferred tax. The removal of the tax base has resulted in a $28.9m increase to income tax expense and a corresponding increase to the deferred tax liability in respect of property, plant and equipment.

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. The fair value of the land at 30 June 2024 was determined by independent registered valuers Jones Lang LaSalle Limited ("JLL NZ") using the direct comparison approach.

	6 MONTHS JUN 2024 UNAUDITED	6 MONTHS JUN 2023 UNAUDITED	12 MONTHS DEC 2023 AUDITED
	$000	$000	$000
Opening Balance	45,000	-	-
Additions	1,494	-	-
Transfer from investment property	-	45,000	45,000
Fair value movement	(2,994)	-	-
Total asset held for sale	**43,500**	**45,000**	**45,000**

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6. Investment property

	6 MONTHS JUN 2024 UNAUDITED $000	6 MONTHS JUN 2023 UNAUDITED $000	12 MONTHS DEC 2023 AUDITED $000
Balance at beginning of period	6,407,150	5,417,719	5,417,719
Additions	265,380	286,611	590,807
Transfer to property, plant and equipment/asset held for sale	(5,689)	(45,000)	(45,000)
Disposals	(650)	-	-
Fair value movement	131,382	131,493	441,553
Foreign exchange movement	(4,022)	4,426	2,071
Total investment property	**6,793,551**	**5,795,249**	**6,407,150**

	6 MONTHS JUN 2024 UNAUDITED $000	6 MONTHS JUN 2023 UNAUDITED $000	12 MONTHS DEC 2023 AUDITED $000
Development land measured at fair value[1]	548,539	595,635	578,266
Retirement villages measured at fair value[2]	5,697,377	4,599,644	5,302,570
Retirement villages under development measured at cost	547,635	599,971	526,314
Total investment property	**6,793,551**	**5,795,249**	**6,407,150**

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 2024 the land at cost was nil (Jun 2023: $51.9 million, Dec 2023: $35.7 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 2023: nil, Dec 2023: $5.4 million). Included in retirement villages measured at fair value is $264.7 million relating to a village under development measured at fair value (Jun 2023: nil, Dec 2023: $190.4 million).

	6 MONTHS JUN 2024 UNAUDITED $000	6 MONTHS JUN 2023 UNAUDITED $000	12 MONTHS DEC 2023 AUDITED $000
Manager's net interest	3,973,810	3,368,793	3,757,207
Plus: revenue received in advance relating to investment property	194,616	169,232	182,693
Plus: liability for residents' loans relating to investment property	2,625,125	2,257,224	2,467,250
Total investment property	**6,793,551**	**5,795,249**	**6,407,150**

The Group is unable to reliably determine the fair value of the non-land portion of retirement villages under development at 30 June 2024 and therefore these are carried at cost, with the exception of one site due to its advance stage of construction. This equates to $547.6 million of investment property (Jun 2023: $600.0 million, Dec 2023: $526.3 million).

The fair value of investment property, including land, as at 30 June 2024 was determined by independent registered valuers CBRE Limited ("CBRE NZ") and Jones Lang LaSalle Limited ("JLL NZ"), CBRE Valuations Pty Limited ("CBRE AU") and Jones Lang LaSalle Australia Pty Limited ("JLL AU"). 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 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.

Notes to the financial statements (continued)

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 and Australia villages, CBRE NZ, JLL NZ and CBRE AU have undertaken a discounted cash flow analysis to derive a present value. The Group's development land has been valued by CBRE NZ, CBRE AU and JLL AU using the direct comparison approach. A desktop valuation was completed as at 30 June 2024.

Near completed stages of St Johns have been valued using the residual approach where a number of blocks were valued as work in progress together with residual land. The value of the work in progress was calculated as the market value of completed stock less selling expenses, and an allowance for profit and risk, holding costs, and costs to complete including a contingent sum.

The valuers' view is that the property markets both nationally and globally are being heavily impacted by high interest rate rises instigated by central banks to combat inflation. Markets are also impacted by ongoing disruption to global supply chains and geopolitical instability in certain regions, particularly the ongoing war in Ukraine and recent events in Gaza. With these factors in mind, the valuers reiterate that their conclusions are based on data and market sentiment as at the date of the valuation and that a degree of caution should be exercised when relying upon the valuation.

Significant assumptions used by the valuers in relation to the New Zealand and Australian investment property are included in the table below:

	6 MONTHS JUN 2024 UNAUDITED	6 MONTHS JUN 2023 UNAUDITED	12 MONTHS DEC 2023 AUDITED
Discount rate	13.5% - 16.5%	13.5% - 16.5%	13.5% - 16.5%
Growth rate (long-term nominal house price inflation rate)	0.5% - 3.6%	0% - 3.5%	0.5% - 3.5%
Average entry age of residents	72 years - 89 years	73 years - 89 years	73 years - 91 years
Stabilised departing occupancy periods of units	3.8 years - 13.0 years	3.8 years - 8.8 years	3.8 years - 8.7 years

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.

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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, the valuers have undertaken a discounted cash flow analysis to derive a present value.

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 2024					
Valuation ($000)	2,101,321				
Difference ($000)		(78,094)	84,142	134,278	(122,821)
Difference (%)		(3.7%)	4.0%	6.4%	(5.8%)
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%)
31 December 2023					
Valuation ($000)	2,017,910				
Difference ($000)		(74,725)	80,050	126,025	(115,665)
Difference (%)		(3.7%)	4.0%	6.2%	(5.7%)

1 Adopted value differs to figures in other notes. It is the value of completed units, net of related resident liability. The amount does not include unsold stock, work in progress or development land.

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 2024, 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 2024 UNAUDITED $000	6 MONTHS JUN 2023 UNAUDITED $000	12 MONTHS DEC 2023 AUDITED $000
Balance at beginning of period	3,121,400	2,681,837	2,681,837
Net receipts/(payments) for residents' loans - resales of occupation right agreements	38,613	(566)	55,521
Receipts for residents' loans - new occupation right agreements	182,442	167,272	384,042
Total gross residents' loans	**3,342,455**	**2,848,543**	**3,121,400**
Deferred management fees and other receivables	(670,988)	(561,887)	(614,288)
Total residents' loans	**2,671,467**	**2,286,656**	**2,507,112**

Notes to the financial statements (continued)

8. Interest-bearing loans and borrowings

		6 MONTHS JUN 2024 UNAUDITED $000	6 MONTHS JUN 2023 UNAUDITED $000	12 MONTHS DEC 2023 AUDITED $000
Repayable within 12 months				
Retail bond - SUM010	4.78%	-	100,000	-
Repayable after 12 months				
Secured bank loans	Floating	973,279	756,626	948,957
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	175,000	175,000
Retail bond - SUM050	6.43%	125,000	-	-
Total loans and borrowings at face value		**1,548,279**	**1,306,626**	**1,398,957**
Transaction costs for loans and borrowings capitalised:				
Opening balance		(6,182)	(4,260)	(4,260)
Capitalised during the period		(1,662)	(2,221)	(3,678)
Amortised during the period		985	847	1,756
Closing balance		(6,859)	(5,634)	(6,182)
Total loans and borrowings at amortised cost		**1,541,420**	**1,300,992**	**1,392,775**
Fair value adjustment on hedged borrowings		(2,004)	(7,178)	748
Carrying value of interest-bearing loans and borrowings		**1,539,416**	**1,293,814**	**1,393,523**

Further interest rate and loan disclosures below:

	6 MONTHS JUN 2024 UNAUDITED	6 MONTHS JUN 2023 UNAUDITED	12 MONTHS DEC 2023 AUDITED
Weighted average interest rate (including impact of interest rate swaps)	5.4%	5.2%	5.1%
Percentage of floating rate debt covered by swaps	67.6%	73.1%	71.0%

The secured bank loan facility at 30 June 2024 has a limit of approximately $1,460 million (Jun 2023: $1,160 million, Dec 2023: $1,460 million). This includes lending of the following:

Currency	Lending limit	Expiration
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
NZD	$310 million	November 2027
NZD	$100 million	September 2028
AUD	$200 million	September 2028

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The Group has four retail bonds listed on the NZDX:

ID	Amount	Maturity
SUM020	$125 million	24 September 2025
SUM030	$150 million	21 September 2027
SUM040	$175 million	9 March 2029
SUM050	$125 million	8 March 2030

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.

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 2024.

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 SUM020, SUM040 and SUM050 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 2024 UNAUDITED	6 MONTHS JUN 2023 UNAUDITED	12 MONTHS DEC 2023 AUDITED
Earnings ($000)	102,160	133,061	436,319
Weighted average number of ordinary shares for the purpose of earnings per share (in thousands)	234,616	232,183	232,786
Basic earnings per share (cents per share)	**43.54**	**57.31**	**187.43**

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Notes to the financial statements (continued)

Diluted earnings per share

	6 MONTHS JUN 2024 UNAUDITED	6 MONTHS JUN 2023 UNAUDITED	12 MONTHS DEC 2023 AUDITED
Earnings ($000)	102,160	133,061	436,319
Weighted average number of ordinary shares for the purpose of diluted earnings per share (in thousands)	235,024	232,622	233,211
Diluted earnings per share (cents per share)	**43.47**	**57.20**	**187.09**

Number of shares (in thousands)

	6 MONTHS JUN 2024 UNAUDITED	6 MONTHS JUN 2023 UNAUDITED	12 MONTHS DEC 2023 AUDITED
Weighted average number of ordinary shares for the purpose of basic earnings per share	234,616	232,183	232,786
Weighted average number of ordinary shares issued under employee share plans	408	439	425
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**235,024**	**232,622**	**233,211**

At 30 June 2024, there were a total of 406,227 shares issued under employee share plans held by Summerset LTI Trustee Limited (Jun 2023: 289,142, Dec 2023: 409,248 shares).

Net tangible assets per share

	6 MONTHS JUN 2024 UNAUDITED	6 MONTHS JUN 2023 UNAUDITED	12 MONTHS DEC 2023 AUDITED
Net tangible assets ($000)	2,688,419	2,298,252	2,596,947
Shares on issue at end of period (basic and in thousands)	235,208	232,684	233,872
Net tangible assets per share (cents per share)	**1,143.00**	**987.71**	**1,110.41**

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

11. Dividends

On 22 March 2024 a dividend of 13.2 cents per ordinary share was paid to shareholders (2023: on 23 March 2023 a dividend of 11.6 cents per ordinary share was paid to shareholders and on 19 September 2023 a dividend of 11.3 cents per ordinary share was paid to shareholders).

A dividend reinvestment plan applied to the dividend paid on 22 March 2024 and 1,258,320 ordinary shares were issued in relation to the plan (2023: 1,077,198 ordinary shares were issued in relation to the plan for the 23 March 2023 dividend and 1,016,720 ordinary shares were issued in relation to the plan for the 19 September 2023 dividend).

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12. Commitments and contingencies

Guarantees

As at 30 June 2024, 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 2023 and Dec 2023: $75,000).
- Summerset Retention Trustee Limited holds guarantees in relation to retentions on construction contracts on behalf of the Group. As at 30 June 2024, $20.0 million was held for the benefit of the retentions beneficiaries (Jun 2023: $18.0 million, Dec 2023: $23.0 million).
- Auckland Transport holds a performance guarantee for $65,000 (Jun 2023 and Dec 2023: $65,000).
- Quattro RE Limited holds a demand guarantee in relation to the lease of the office premises for $120,819 (Jun 2023 and Dec 2023: $120,819).
- Department of Transport (Melbourne) holds performance guarantees for $73,863 (Jun 2023: $147,035, Dec 2023: $72,749).
- South East Water holds guarantees for $13,897 (Jun 2023: nil, Dec 2023: $13,688).
- Casey City Council holds guarantees for $290,552 (Jun 2023: nil, Dec 2023: $229,162).
- Yarra Ranges Shire Council holds guarantees for $401,351 (Jun 2023 and Dec 2023: nil).

Capital commitments

At 30 June 2024, the Group had $83.0 million of capital commitments in relation to construction contracts (Jun 2023: $84.1 million, Dec 2023: $70.8 million).

Contingent liabilities

There were no other known material contingent liabilities at 30 June 2024.

13. Subsequent events

On 23 August 2024, the Directors approved an interim dividend of $26.6 million, being 11.3 cents per share. The dividend record date is 9 September 2024 with a payment date of 20 September 2024.

There have been no other events subsequent to 30 June 2024 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 condensed financial statements of Summerset Group Holdings Limited ("the Company") and its subsidiaries (together "the Group") on pages 16 to 35 which comprise the statement of financial position as at 30 June 2024, 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 explanatory notes. 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 35 of the Group do not present fairly, in all material respects, the financial position of the Group as at 30 June 2024, 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 (NZ IAS 34)) and International Accounting Standard 34: Interim Financial Reporting (IAS 34).*

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 NZ IAS 34 and IAS 34 and for such internal control as the directors determine is necessary to enable the preparation and fair presentation 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 NZ IAS 34 and IAS 34.

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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
23 August 2024

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Summerset Mission Hills[1]
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1 *Proposed villages*

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Summerset at Aotea
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1 *Proposed villages*

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1 *Proposed villages*

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Westpac New Zealand Limited
Westpac Banking Corporation
Industrial and Commercial Bank of China Limited
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Dr Andrew Wong

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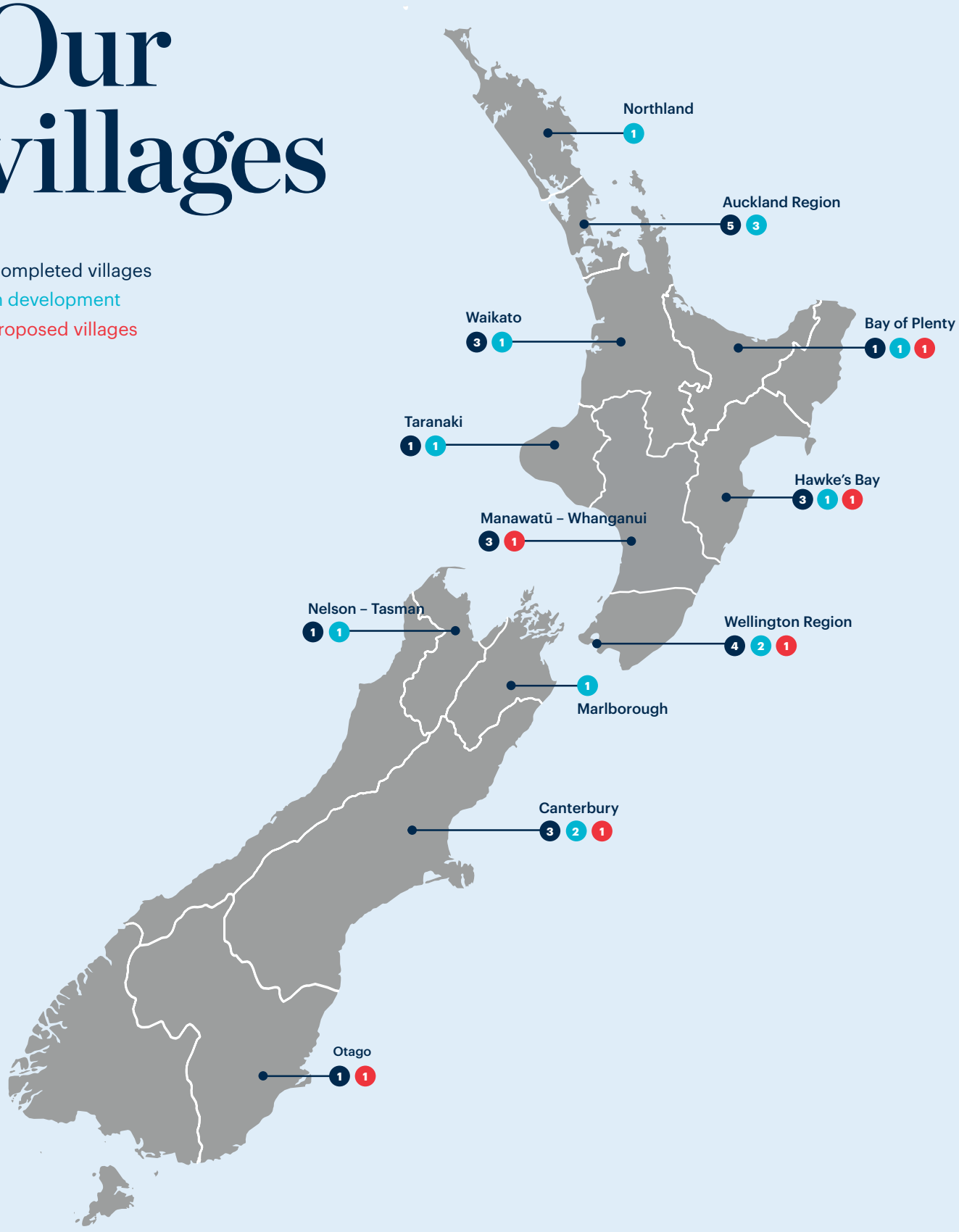
Robyn Heyman

Our villages

- Completed villages
- In development
- Proposed villages



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Inside back cover: At our villages Divine Cafe, Summerset residents, friends and family can enjoy onsite quality meals and service from our team.



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Summerset

summerset.co.nz
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Results presentation

For the six months to 30 June 2024

Summerset Group Holdings Ltd

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Summerset at Monterey Park (Hobsonville, New Zealand)

Agenda

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01 Our highlights

02 Business update

03 Our community

04 New Zealand development

05 Australia development

06 Financial performance

07 Business performance

08 Questions

09 Appendix

1H24 Reporting updates

Updated reporting measures included within the presentation

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Underlying profit and segment reporting	• Maintain underlying profit as a key performance measure • Segment reporting for care EBITDA, village EBITDA and corporate overheads now provided
Operating expenses	• Disclosures on care, village and corporate overhead expenses provided • Operating expenses split by main cost items (e.g. sales and marketing, employee and property) • Split of total operating costs and costs capitalised to projects provided
Cash flows	• Cash flow presentation reverted to standard IFRS format based on feedback for alignment across the New Zealand RV sector
Definitions	• New disclosure of key definitions for improved clarity – includes clear descriptions of development margin, annuity EBITDA, operating expenses and project cash profits to assist with comparison of performance between operators
Assurance	• 2024 external audit RFP underway and expected to be completed by FY24

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01
Our highlights

Half Year Report 2024

Summerset

Who we are

About Summerset

Summerset **builds, owns and operates** integrated retirement villages

We create **vibrant, happy communities** for residents and our people that delivers on our purpose – bringing the best of life to our **8,400+** residents

We are the **second largest** and **fastest growing** retirement village operator in New Zealand

Our existing portfolio has **6,300+ retirement units and 1,300+ care units**, including our 30 units in Australia

We have a consistent and structured approach to growing our business - our land bank has **5,300+ retirement units and 1,300+ care units**, includes expansion in **Australia,** with a focus on **broad acre development**

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Underlying profit of $89.9m up 3% on 1H23

First half underlying profit of $89.9m, up 3% on 1H23 with total settlements of 588, up 22% on 1H23

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$102.2m
Net profit after tax
1H23 $133.1m

$191.6m
Operating cash flows
1H23 $146.7m

$89.9m
Underlying profit
1H23 $87.2m

28.3%
Development margin
1H23 33.5%

35.1%
Resales cash margin
1H23 35.2%

$1.6b
Embedded value
1H23 $1.5b

331
Units delivered to be sold under Occupation Right*
1H23 152

588
Sales of Occupation Rights
1H23 483

6,638
New Zealand and Australia land bank (including care)
1H23 7,495

** 311 units in New Zealand and 20 units in Australia to be sold under Occupation Right Agreement*

Investor highlights

First half underlying profit of $89.9m, up 3% on 1H23 with total settlements of 588, up 22% on 1H23

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Financial	• First half underlying profit of $89.9m, up 3% from $87.2m in 1H23 • Resale gain of $45.7m (up 32% on 1H23) and development margin of $51.7m • First half operating cash flows of $191.6m, up 31% from $146.7m in 1H23 • Total assets of $7.4b, up 17% on 1H23, with total equity of $2.7b and NTA per share of $11.43
Development and sales	• Total settlements of 588 (290 new sales and 298 resales), up 22% on 1H23. Achieved a sector leading total of 1,206 combined New Zealand settlements over the past 12 months • Delivered 352 units and remain on track to conservatively deliver at the lower end of FY24 guidance of 675 to 725 units to be sold under Occupation Right Agreement • Forecast net cash position from NZ villages under development of over $245.0m with development assets exceeding the value of net debt by $248.3m, or 16%
Acquisitions and Australia	• New site announced at Mission Hills, Napier that will deliver approximately 270 independent homes and a care centre to meet the growing demand for retirement living in Napier • Welcomed our first Australian residents at Cranbourne North in March • Commenced construction at our second Australian village at Chirnside Park, Melbourne

Looking back – 1H24 milestones

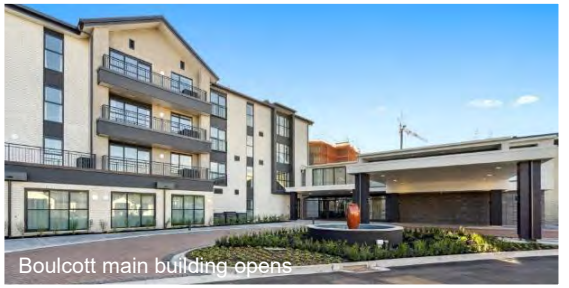
A showcase of key events from the six months


Pāpāmoa Beach main building opens


First Australian residents


Construction cadets graduates


Civils underway at Chirnside Park


Boulcott main building opens


Casebrook village completed

February
Pāpāmoa Beach main building opens

March
First Australian residents move into our Cranbourne North village

Celebrated Frontliner Day, thanking our hardworking frontline staff

April
Civils construction commences at Chirnside Park

First graduates complete Summerset's Construction Cadet Programme

Construction of Casebrook village completed

May
Oakleigh South receives planning permit

Development plan approved for Torquay

June
Boulcott village main building opens

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Summerset Milldale (Auckland, New Zealand)

02
Business update

Half Year Report 2024

Summerset

Business update

Summerset remains well placed to navigate the ongoing uncertainty in the wider economy

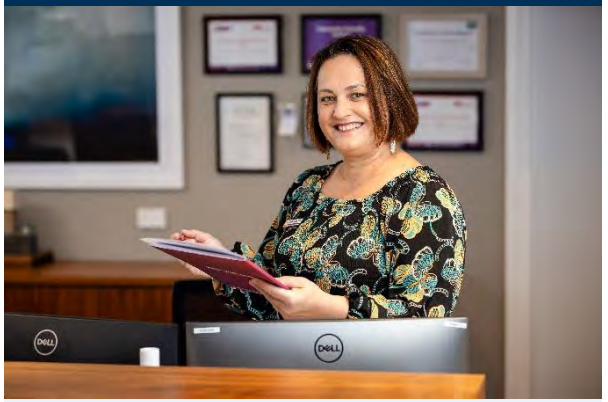
FY24 deliveries



FY24 delivery guidance maintained

- FY24 build rate to be at the bottom end of guidance range of 675 to 725 total ORA units in New Zealand
- Conservative build rate will allow Summerset to manage stock levels at each village
- Now in construction at 14 broad acre sites in New Zealand and two in Melbourne which ensures strong diversification of locations

Cost control



Expenditure review complete

- Full review of operating expenses undertaken in 1H24
- 1H24 gross operating expenses up 1% from 2H23
- Cost savings supported by a dedicated procurement team and long-standing relationships with key suppliers
- Emphasis will remain on maintaining cost efficiencies without compromising on delivering the best of life to our residents

Sales



Sales continue to perform well

- Strong sales performance under challenging market conditions. Achieved over 1,200 total New Zealand settlements in the past 12 months, the highest in sector
- Good levels of enquiry at villages, up 17% on 1H23
- 588 total settlements YTD with over 350 units under contract to start 2H24
- Sales prices remain robust

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Business update

Summerset remains well placed to navigate the ongoing uncertainty in the wider economy

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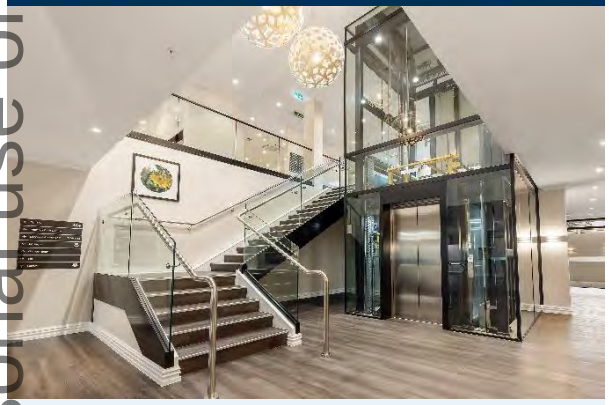
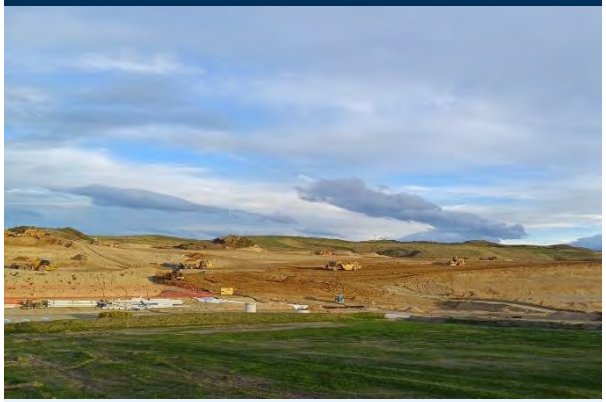
Balance sheet



Balance sheet remains strong

- Summerset carries no core debt, with villages fully recycling the capital required to build them on completion
- Forecast capital recycling of $245.0m from 14 NZ villages under development
- Gearing ratio of 36.2% with unallocated facilities of $551.3m available
- Development assets exceed the value of net debt by $248.3m, or 16%

Land bank



Land bank in place to grow the business

- Business remains well positioned to deliver sustained growth from diversified broad acre land bank in NZ and VIC
- New site announced at Mission Hills, provides continuity to pipeline with first units expected from 2027 onwards
- Large number of quality opportunities in the market at present

St Johns



Progress on track

- Village on track to open in 2H24
- Care and serviced apartments sales launched in June 2024
- Strong level of presales with circa $90m of sales contracts in place
- Village now open for prospect viewings of staged sales apartments
- Peak working capital for the site still expected to be in line with the opening of stage one

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03
Our community

Half Year Report 2024

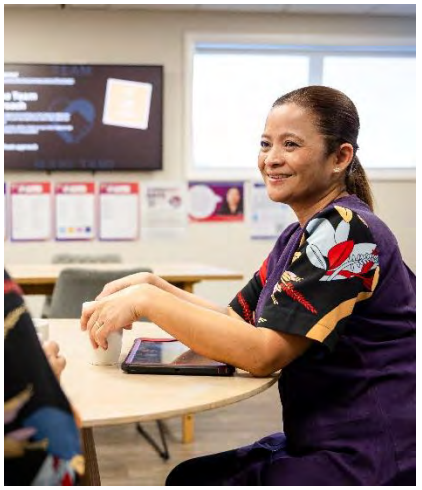
Summerset

Bringing the best of life

Bringing the best of life to residents and staff

- We are committed to making Summerset a place where our residents and staff can live their best life
- Extended our highly successful holiday home initiative, adding Casebrook and Ellerslie, with one in Wellington coming soon
- Launched Retire Ready, a financial wellbeing series for those planning for, or at retirement age
  - The series is aimed at helping current and future residents understand the steps they need to take to create the retirement they want
- Progressed the roll out of our resident experience services platform, Lumin, now installed at 15 villages with a further three to be completed by the end of this year
  - Lumin provides entertainment programmes, newsletters and activities schedules, allows residents to book village events, order services, message the village team or other residents
- Piloting a National Clinical Support Service of Registered Nurses available 24/7 to support in-village teams
- Continued health scholarships in collaboration with Waitaha iwi at Pāpāmoa Beach village to support students to attain their undergraduate degree in the health sector
- Staff engagement of 8.2 out of 10, putting Summerset in the top 25% of global healthcare providers using the same engagement survey











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Our environment

Environmental performance and sustainability

- Summerset is a market leader in sustainability in the retirement and aged care sectors
- Our ambition is to develop, build and manage sustainable retirement villages in New Zealand and Australia
- Named a Sustainability leader in the 2024 Australian Financial Review (Property and Construction category)
- Double finalist at the Retirement Village Association (RVA) Sustainability awards for our national waste free construction initiative, and our solar panels project at our Richmond village
- Released our Sustainability Review and Climate-Related Disclosures Report, the first time the company has reported its climate-related disclosures
- Continued focus on waste minimisation - providing items from care centre upgrades, such as commercial kitchen appliances, to local community groups for reuse
- Construction waste avoidance initiative continues, our sites diverting over 2,500 tonnes of waste from landfill in 1H24
- Completed our second major solar panel retrofit in May at Rototuna, consisting of over 280 panels on the main building
- New solar-powered street lighting trials to commence at our Havelock North and Paraparaumu villages
- Extended the rollout of our EV charger network and number of electric vehicles across our village portfolio with growing demand for use from our residents


Solar implementation – Summerset Richmond Ranges



Village EV pool car




Waste free construction


Reusing care centre appliances

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Marketing & community support

Promoting and supporting our communities

- We have a continued focus on growing our brand and presence in both New Zealand and Victoria
- Summerset now works with 220 local community clubs, including bowls, golf, croquet, bridge and theatre groups
  - Community involvement in Victoria is growing - our most recent partnership being with the Torquay Bowls Club
- New national brand campaign launched in April, Summerset leads the market in brand consideration
- Positive levels of enquiry achieved in 1H24, total enquiry up 17% on 1H23 and now generating almost double the enquiry we were five years ago
- Announced as a finalist in the 2024 New Zealand Marketing Awards for Excellence in Long-Term Marketing Strategy
- Consistently recognised as a Highly Commended Trusted Brand by Reader's Digest and most recently received gold in the Quality Service Award category
- Continue to support and sponsor organisations that align with our brand and our values - including Netball New Zealand, Bowls New Zealand, GT NZ Championship, The New Zealand Symphony Orchestra, Braintree Trust and Hato Hone St Johns



GT NZ Championship


Bowls New Zealand


New Zealand Symphony Orchestra


Hato Hone St Johns

Community engagement



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Summerset Milldale (Auckland, New Zealand)

04
New Zealand development

Half Year Report 2024

Summerset



Summerset Mission Hills (Napier)



Summerset Mission Hills (Napier)

New site – announced today

Summerset Mission Hills

- Acquisition of a 10.9ha broad acre site in Napier, to be home to our third village in the city
- The site will offer approximately 270 independent homes, a care centre with rest home and hospital level care and a wide range of recreation amenities
- Napier is a highly desirable location for our target audience and is undersupplied for RV living due to scarcity of land
- The site sits within a wider development designed to include approximately 800 homes, a centrally located neighbourhood centre with boutique retail and amenities, community reserve and event facilities
- The site is also well positioned with Napier city and the Hawke's Bay Airport both located within an 11-minute drive
- The catchment for the village has favourable demographics with a 75+ population of approximately 5,500 people rising to over 7,000 by 2033
- We expect the location to complement our existing villages in the city that both see strong demand from prospective residents and high occupancy levels

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Summerset Milldale (Auckland)



Summerset St Johns (Auckland)

Development activity

New Zealand summary

- Delivered 311 units to be sold under Occupation Right and 21 care beds across 11 sites in 1H24
- Currently have 14 villages in construction across ten regions in New Zealand, with a further three care centre upgrades underway at Havelock North, Levin and Trentham
- Won Gold at the 2024 Master Builders Commercial Project Awards for our Kenepuru main building
- Completed our successful Casebrook village, home to almost 500 residents, and returning a cash margin to the business of $34.7m
- Two main buildings delivered at Pāpāmoa Beach and Lower Hutt in 1H24
- Bulk earthworks at Rangiora complete with civils works progressing well and construction of first units underway (first deliveries expected in 1H25)
- Construction at St Johns on track, first deliveries due in 2H24 – will include independent apartments, serviced apartments, memory care apartments, the care centre and main building recreation spaces
- Granted resource consent for extension land at Kelvin Grove, Palmerston North with resource consent applications being progressed for Masterton and Rotorua
    - Over 70% of NZ landbank now consented

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Summerset Mt Denby (Whangārei)



Summerset Half Moon Bay (Auckland)



Summerset Cambridge (Waipā District)



Summerset by the Dunes (Pāpāmoa Beach, Tauranga)

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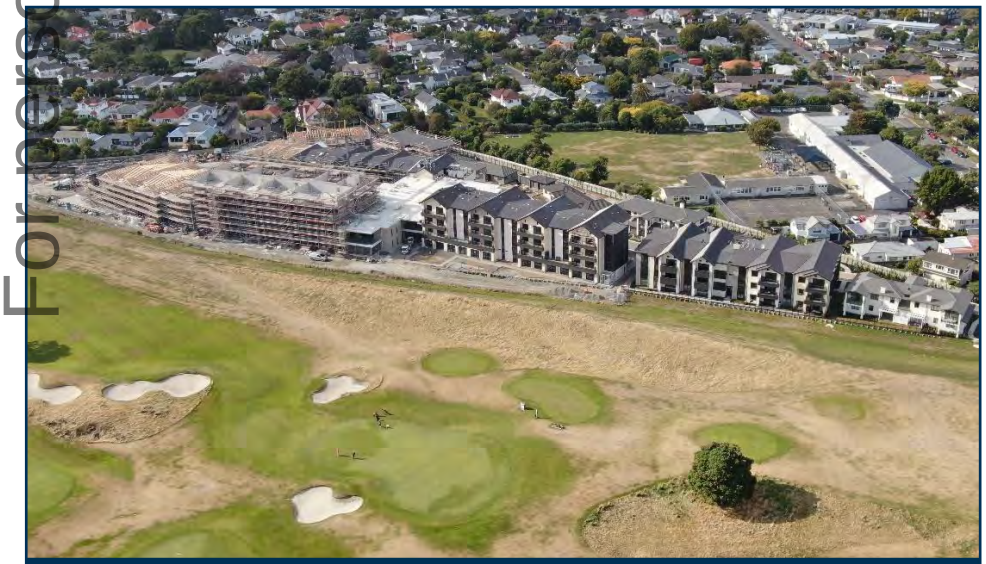
Summerset Palms (Te Awa, Napier)



Summerset Waikanae (Kāpiti Coast)



Summerset Boulcott (Lower Hutt, Wellington)



Summerset Richmond Ranges (Tasman)

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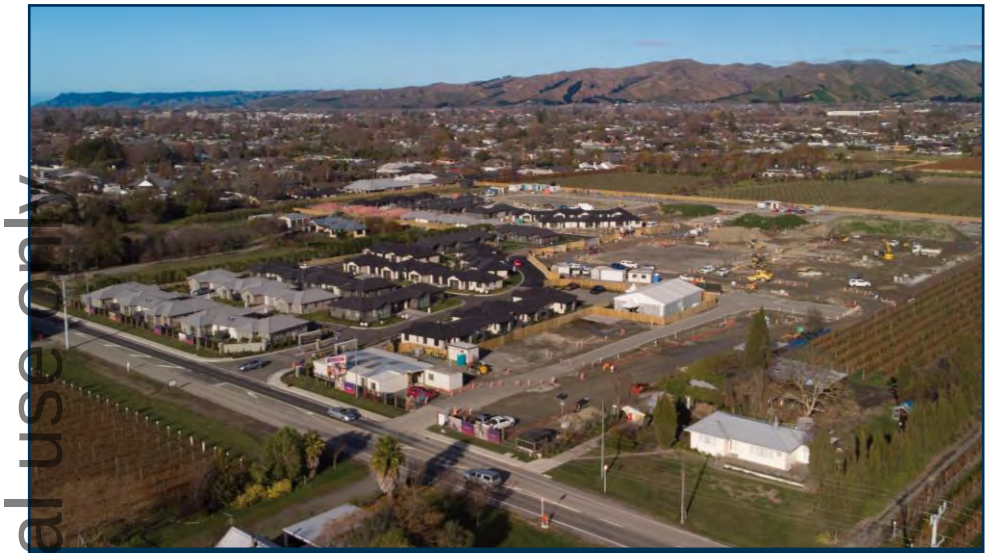

Summerset Blenheim (Marlborough District)



Summerset Rangiora (Waimakariri District)



Summerset on Cavendish (Casebrook, Christchurch)



Summerset Prebbleton (Selwyn District)

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New Zealand development pipeline

Diversified development pipeline of 20 sites*



** Excludes care centre upgrades at three sites (Havelock North, Levin and Trentham)*
*** New site purchased*

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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 after first sell down
- The villages currently under development in New Zealand are expected to return over $245m in positive net cash profits on completion
- These net cash flows represent the project cash profits from village development
- 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
- Overall, the four villages in the 'last stage' of development are forecast to return between $25m and $50m per project

$3.5b+
Forecast capital investment

$245m+
Projected net cash position

Development Stage	Village	Forecast capital investment	Forecast net cash position
Last stages	Bell Block Pāpāmoa Beach Richmond Te Awa	$150m - $200m	$25m - $50m
Last stage villages		**$0.7b+**	**$140m+**
Mid stages	Cambridge Lower Hutt Prebbleton Whangarei	$200m - $300m	($10m) - $20m
Mid stage villages		**$0.9b+**	**$25m+**
Early stages	Blenheim Half Moon Bay Milldale Rangiora St Johns Waikanae	$150m - $500m	($20m) - $90m
Early stage villages		**$1.8b+**	**$75m+**
Total Group		**$3.5b+**	**$245m+**

Casebrook removed from table since FY23, returning a project cash profit of $34.7m

Project Cash Profit:

The final cash return from developing a village. Incorporates 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

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Project cash profits

- Our last 11 villages to complete recycled around $229.9m of positive cash flow
- This is an average cash margin from village development of 14.6% with a per ORA unit cash margin of $92k
- While the final cash position requires completion of the village to be calculated, it is a useful metric to help understand the average cash return per ORA unit that is delivered and settled by Summerset
- Casebrook was completed in 1H24, with cash profit of $34.7m returned from village development
  - This is an average per ORA unit of $100k
- Extensions to established villages generate the highest cash returns as the care and common area costs are already covered by the existing village
- 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

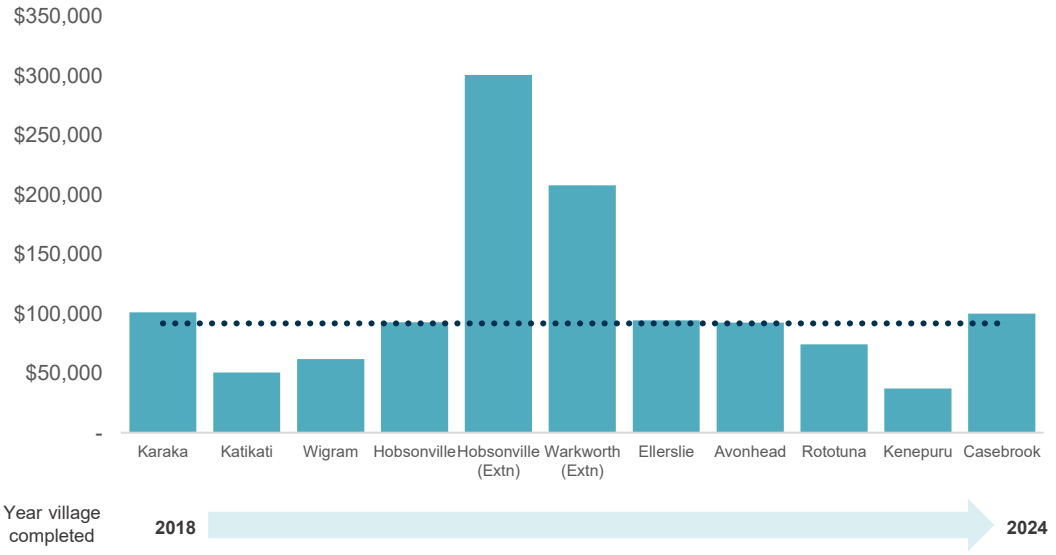
14.6%
Project cash profit

$229.9m
Cash margin from village development

Village	Year complete	ORA units	Non-ORA units	Project cash profit	Cash margin
Completed villages	2018 to 2023	2,154	324	$195.2m	14.1%
Casebrook	2024	346	43	$34.7m	18.0%
Total		**2,500**	**367**	**$229.9m**	**14.6%**

Completed villages:
Completed villages includes Avonhead, Ellerslie, Hobsonville, Hobsonville extension, Karaka, Katikati, Kenepuru, Rototuna, Warkworth extension and Wigram

Average net cash position per unit delivered and settled*



** Chart excludes eight bespoke units within Hobsonville Extension*

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Summerset Cranbourne North (Melbourne, Victoria)

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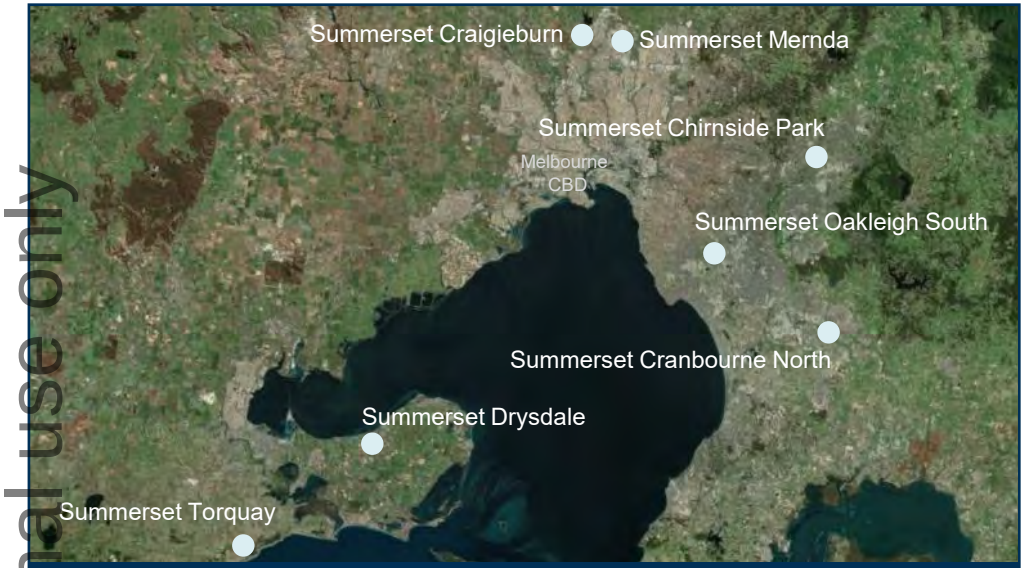
05
Australia development

Half Year Report 2024

Summerset



Summerset Australia



Site progress - Summerset Chirnside Park (Melbourne)

Development activity

Australia summary

- Significant milestone for Summerset with the first Australian residents welcomed at Cranbourne North
- Stage one now complete at Cranbourne North with 20 villas delivered in 1H24, bringing total units delivered to 30
- Construction now underway for stage two at Cranbourne North, with the main building and stage three scheduled to commence in 2H24
- Civil construction underway at our second Australian village, Chirnside Park
- Project cash profit from Cranbourne North and Chirnside Park, both in early-stage construction, currently forecast to return a cash margin of between breakeven and -$15m
- Oakleigh South Planning Permit was unanimously approved by Council in May, construction to commence in 2H24
- Development Plan for Torquay approved by Council with Planning Permit lodged and civils expected to commence in 2H24
- The current Australian pipeline gives us capacity to build over 2,100 units (including over 450 beds)
- We continue to look for suitable new village development opportunities, including sites in Queensland as previously announced

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Summerset Cranbourne North (Melbourne)



Site progress – June 2024

- 30 independent villas delivered
- Main building with 34 assisted living apartments and 72 care beds to commence construction in 2H24
- Rest home and hospital level care will be available

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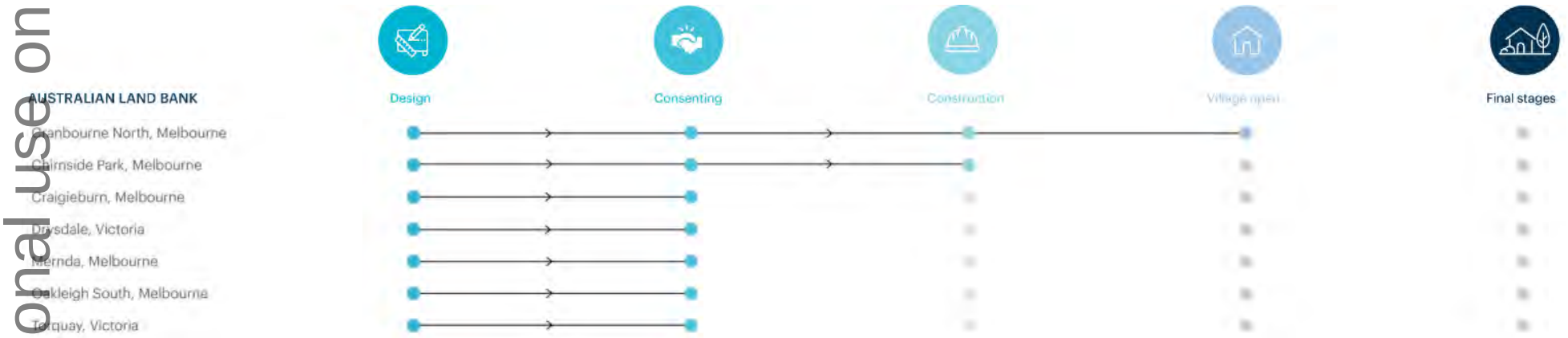
Australia development pipeline

Now have seven villages in planning and development across Victoria



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Summerset Boulcott (Lower Hutt, New Zealand)

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06
Financial performance

Half Year Report 2024

Summerset

Reported profit (IFRS)

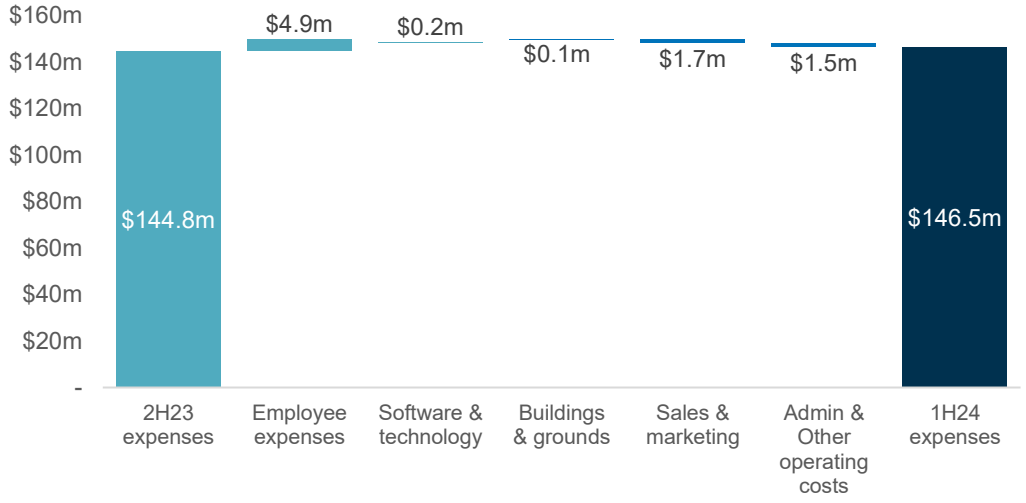
- IFRS NPAT of $102.2m, down from $133.1m in 1H23
- Fair value movement of investment of $128.4m, including $49.6m from new units delivered
- Total revenue of $151.6m, up 18% relative to 1H23
- Summerset has maintained its disciplined approach to cost control as deliveries and our portfolio size grows, and wider economic conditions remain challenging
- Cost management initiatives in 1H24 resulted in total expenses of $146.5m, in line with the $144.8m in 2H24 – inclusive of two main buildings opening in the period at Pāpāmoa Beach and Lower Hutt
  - Summary of key expense movements provided on slide 34
- Increase in tax expense resulting from change in tax rules effective from 1 January 2024 removing depreciation for 'non-residential' buildings in New Zealand

$102.2m
Net profit after tax

23%
Decrease on 1H23 ▼

NZ$m	1H24	1H23	Variance	FY23
Total revenue	151.6	128.2	*18%*	272.2
Fair value movement of investment property	128.4	131.5	*(2%)*	441.6
Total income	**280.0**	**259.7**	***8%***	**713.8**
Total expenses	146.5	119.0	*23%*	263.8
Net finance costs	12.8	12.6	*1%*	27.5
Net profit before tax	**120.8**	**128.1**	***(6%)***	**422.5**
Tax expense / (credit)	18.6	(5.0)	*(476%)*	(13.8)
Net profit after tax	**102.2**	**133.1**	***(23%)***	**436.3**

Total expenses



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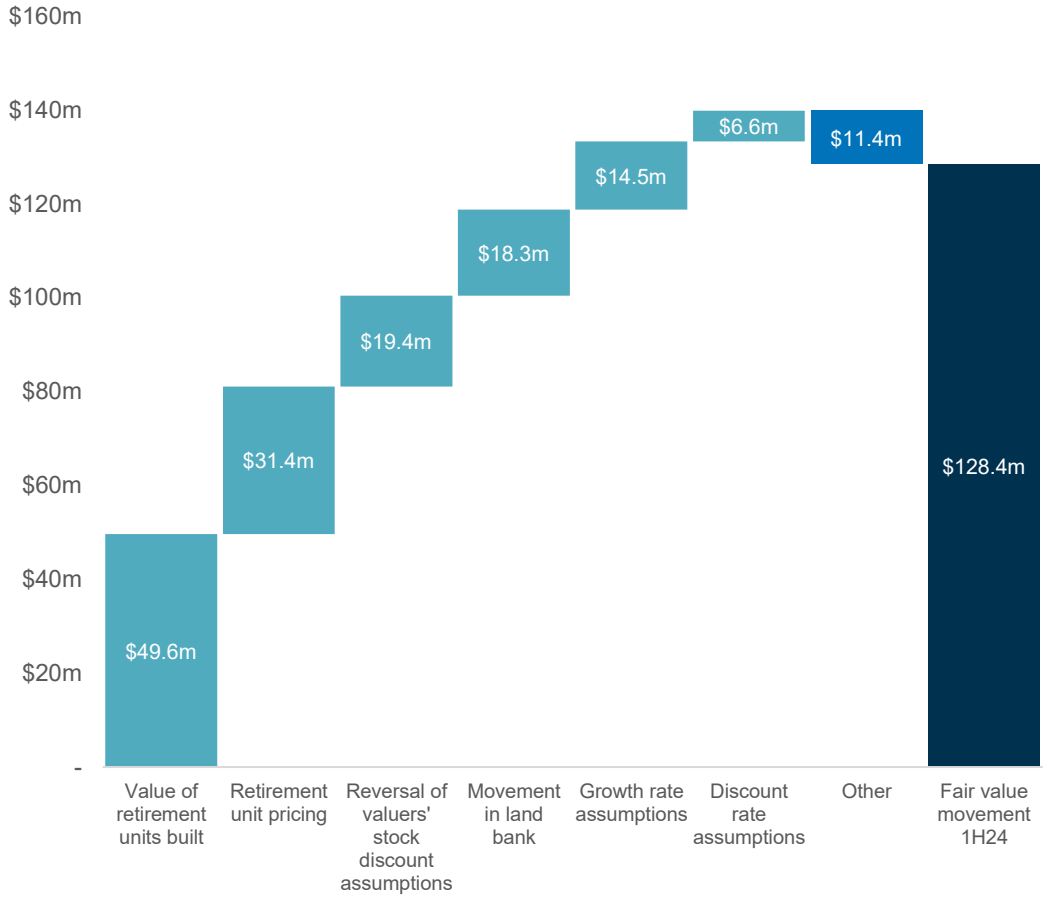
Fair value movement

- Fair value movement of $128.4m, in line with 1H23
- Fair value movement has been driven by:
  - New units built $49.6m: Value of new units delivered in 1H24
  - Unit pricing $31.4m: Retirement unit price inflation on existing units within the portfolio
  - Movement in land bank $18.3m: Valuation movement on St Johns and the undeveloped land bank
  - Growth rate assumptions $14.5m: Valuers adopting more standard short term growth rates within the valuation in line with the residential property market cycle
  - Discount rates $6.6m: Change in assumptions used by the valuers
  - Other movements primarily relate to the valuers' adjustments for OPEX recovery from weekly fees within the valuation
- Refer to the appendices (slides 63 and 64) for key assumptions associated with the investment property valuation

$128.4m
Fair value movement

$49.6m
Increase from new units delivered

Fair value movement of investment property 1H24



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Underlying profit

- Underlying profit remains an important financial measure - used to benchmark performance, show the core drivers of the business and how they grow over time, with earnings that are easily understood
- Record first half underlying profit of $89.9m, up 3% from $87.2m in 1H23
  - 1H24 underlying profit up 9% when normalised for the sale of three bespoke villas at Hobsonville in 1H23 - these units had a combined margin of $4.9m
- This result was underpinned by strong growth in village EBITDA, up 22% on 1H23 with village services, deferred management fees and realised gain on resale up a combined $22.7m
- Care EBITDA of -$1.4m impacted by the opening of two main buildings at Pāpāmoa Beach and Lower Hutt and the cost drag associated with this while the units fill
  - Care fees up 22% reflected the sell down of main buildings opened in prior periods
- Profit after refurbishment costs up $1.4m to $82.9m in 1H24

  Refurbishment costs incorporate expenditure on units sold under Occupation Right when vacated (e.g. paint, carpet, kitchen and bathroom upgrades, external upgrades, etc)

$89.9m
Underlying profit

3%
Increase on 1H23 ▲

NZ$m	1H24	1H23	Variance	FY23
Care fees	61.6	50.6	*22%*	109.6
Deferred management fees	3.0	2.3	*35%*	4.7
Realised gain on resales	0.1	0.2	*(24%)*	0.2
Care operating expenses	(66.2)	(50.8)	*30%*	(115.2)
Care EBITDA	**(1.4)**	**2.3**	***(1.6)***	**(0.6)**
Village services	29.3	25.1	*17%*	52.8
Deferred management fees	54.9	47.6	*15%*	99.8
Realised gain on resales	45.6	34.4	*33%*	87.9
Village operating expenses	(36.4)	(30.8)	*18%*	(66.7)
Village EBITDA	**93.4**	**76.2**	***22%***	**173.8**
Interest and other revenue	2.7	2.7	*1%*	5.4
Head office expenditure (post capitalisation)	(34.6)	(30.1)	*15%*	(66.1)
Annuity EBITDA	**60.1**	**51.1**	***18%***	**112.5**
Realised development margin	51.7	56.0	*(8%)*	121.2
Underlying EBITDA	**111.9**	**107.1**	***4%***	**233.7**
Depreciation and amortisation	(9.2)	(7.3)	*25%*	(15.8)
Finance costs	(12.8)	(12.6)	*1%*	(27.5)
Underlying profit	**89.9**	**87.2**	***3%***	**190.3**
Refurbishment costs	(7.1)	(5.7)	*25%*	(11.6)
Profit after refurbishment costs	**82.9**	**81.5**	***2%***	**178.8**

Underlying Profit:

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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Segment earnings

- Summerset has two core business segments, being ongoing operations and construction activity
- Ongoing operations incorporates care and village EBITDA, head office support (e.g. management time, IT, sales and marketing costs, administration), other revenue, depreciation and amortisation
- These are the ongoing earnings of the business that are generated from operating retirement villages and care centres
  - For 1H24, underlying profit from ongoing operations was $59.5m
  - With refurbishment costs included, profit from ongoing operations was $52.4m in 1H24
- Construction activity incorporates earnings from the first-time sale of ORA units (realised development margin), head office expenditure (such as sales and marketing costs for first time sell down) and expensed finance costs
- These are earnings for the business that are generated from building and selling down ORA units in our retirement villages and care centres
  - For 1H24, underlying profit from construction activity was $30.4m

$59.5m
Ongoing operations

$30.4m
Construction activity

NZ$m	Ongoing operations	Construction activity	1H24
Care fees	61.6	-	61.6
Deferred management fees	3.0	-	3.0
Realised gain on resales	0.1	-	0.1
Care operating expenses	(66.2)	-	(66.2)
Care EBITDA	**(1.4)**	**-**	**(1.4)**
Village services	29.3	-	29.3
Deferred management fees	54.9	-	54.9
Realised gain on resales	45.6	-	45.6
Village operating expenses	(36.4)	-	(36.4)
Village EBITDA	**93.4**	**-**	**93.4**
Interest and other revenue	2.7	-	2.7
Head office expenditure (post capitalisation)	(26.0)	(8.5)	(34.6)
Annuity EBITDA	**68.7**	**(8.5)**	**60.1**
Realised development margin	-	51.7	51.7
Underlying EBITDA	**68.7**	**43.2**	**111.9**
Depreciation and amortisation	(9.2)	-	(9.2)
Finance costs	-	(12.8)	(12.8)
Underlying profit	**59.5**	**30.4**	**89.9**
Refurbishment costs	(7.1)	-	(7.1)
Profit after refurbishment costs	**52.4**	**30.4**	**82.9**

Underlying Profit:

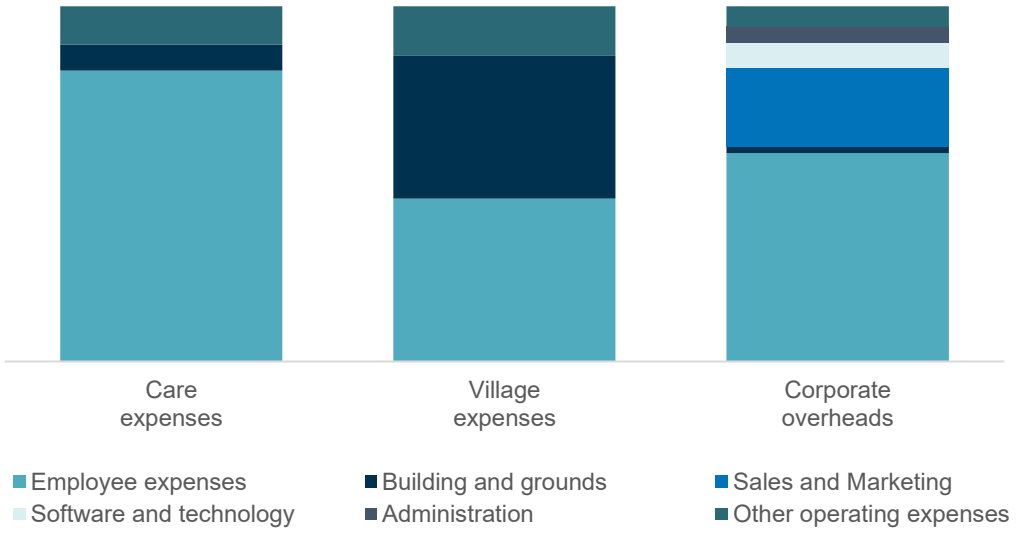
Underlying profit is a non-GAAP measure and differs from NZ IFRS profit for the period. Underlying profit does not have a standardised meaning prescribed by GAAP and therefore may not be comparable to similar financial information presented by other entities. The Directors have provided an underlying 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.

Operating expenses

- Gross operating expenses of $167.1m, down 1% on 2H23
- Employee expenses of $109.3m, up 6% on 2H23 across care, village and corporate with the key drivers being:
  - Wage increases for existing staff of $0.7m
  - New roles of $5.4m in line with portfolio growth and the opening of new main buildings
- Building and grounds of $19.9m, in line with 2H23
- Sales and marketing costs of $14.0m, down from $15.1m with the key change being lower settlements and commissions
- Administration costs of $2.9m, down from $5.0m in 2H23 with lower travel costs and reduced consultancy spend in the period
- Decrease in other operating expenses to $16.4m, down $4.9m with the main drivers being lower land investigation costs and reduced discretionary spend within corporate overheads
- No village or care expenses are capitalised

NZ$m	1H24	2H23	*Variance*	1H23	FY23
Employee expenses	109.3	103.1	*6%*	85.2	188.3
Building and grounds	19.9	20.0	*(1%)*	17.4	37.4
Sales and marketing	14.0	15.1	*(7%)*	11.9	27.0
Software and technology	4.4	4.1	*7%*	3.3	7.5
Administration	2.9	5.0	*(41%)*	4.1	9.1
Other operating expenses	16.4	21.3	*(23%)*	15.6	36.9
Gross operating expenses	**167.1**	**168.6**	***(1%)***	**137.6**	**306.2**
Capitalised to projects	(29.9)	(32.3)	*(7%)*	(25.9)	(58.2)
Reported operating expenses	**137.2**	**136.3**	***1%***	**111.7**	**248.0**
Care expenses	66.2	64.4	*3%*	50.8	115.2
Village expenses	36.4	35.9	*1%*	30.8	66.7
Corporate overheads	34.6	36.0	*(4%)*	30.1	66.1
Reported operating expenses	**137.2**	**136.3**	***1%***	**111.7**	**248.0**

1H24 Gross operating expenses



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Cash flows

- Operating cash flows of $191.6m, up 31% from $146.7m in 1H23
- Increase in operating cash flows driven by increases in care and village services (up 16%) and net receipts for residents' loans – resales, up $42.8m
- Increase in resales cash flow reflects an increase in overall resales (up 23% on 1H23) and a reduction in buybacks of vacant stock in the period (impacted 1H23 by circa $25m)
- Payments to suppliers and employees increased in line with the opening of two main buildings at Lower Hutt and Pāpāmoa Beach
- Investing cash outflows of $293.8m in the period, down 12% on 1H23 and includes the following:
  - Apartment and main building spend at St Johns and Lower Hutt
  - Main buildings at Cambridge, Whangarei and Milldale
  - Civils spend at Chirnside Park, Half Moon Bay, Waikanae, Rangiora and Blenheim
  - Villa construction across our New Zealand and Australian sites
- Construction of new IP & care facilities of $231.0m, down 4% from 1H23 compared to a 31% increase in Operating cash flows over the same the period

$191.6m
Operating cash flows

31%
Increase on 1H23 ▲

NZ$m	1H24	1H23	Variance	FY23
Receipts from residents:				
Care fees and village services	89.9	77.8	*16%*	165.3
Net receipts for residents' loans - resales	65.7	22.9	*187%*	104.6
Receipts for residents' loans - new sales	168.8	158.2	*7%*	362.7
Interest received	0.5	0.9	*(50%)*	1.7
Payments to suppliers and employees	(133.2)	(113.2)	*18%*	(236.2)
Operating cash flows	**191.6**	**146.7**	***31%***	**398.2**
Sale and (purchase) of land	(1.2)	(53.8)	*(98%)*	(56.5)
Construction of new IP & care facilities	(231.0)	(240.3)	*(4%)*	(523.3)
Refurb of existing IP & care facilities	(10.2)	(7.7)	*32%*	(19.5)
Care centre upgrades	(3.2)	(0.4)	*709%*	(1.7)
Other investing cash flows	(11.0)	(5.9)	*86%*	(14.6)
Capitalised interest paid	(37.1)	(23.9)	*55%*	(52.8)
Investing cash flows	**(293.8)**	**(332.1)**	***(12%)***	**(668.5)**
Net proceeds from borrowings	143.1	226.9	*(37%)*	322.9
Net dividends paid	(17.4)	(17.7)	*(2%)*	(34.3)
Other financing cash flows	(15.2)	(14.2)	*7%*	(31.0)
Financing cash flows	**110.4**	**195.0**	***(43%)***	**257.7**

Balance sheet

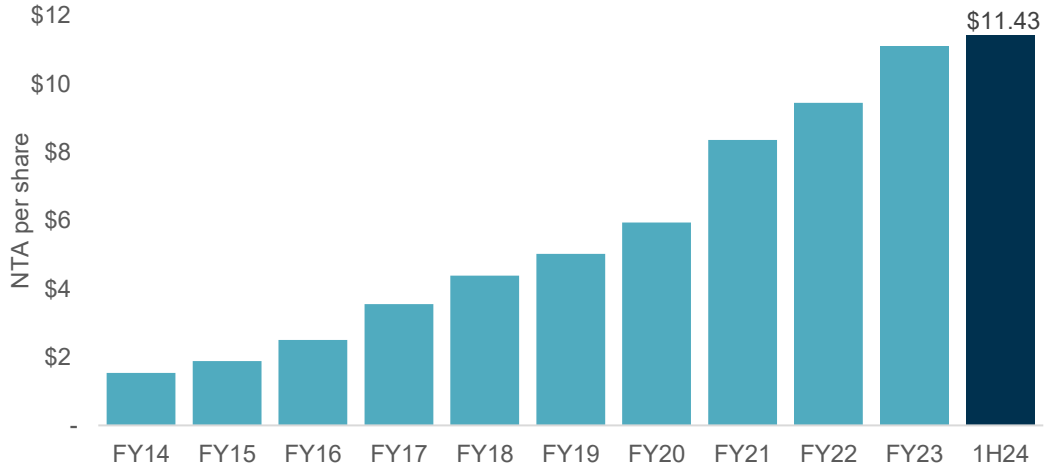
- Total assets of $7.4b, up 17% on 1H23, driven by portfolio growth and the underlying value in our existing villages
- Investment property of $6.8b, up 17% on 1H23
- Other assets include buildings, primarily care centres, which are valued annually
- Continue to grow shareholder value with net tangible assets per share of $11.43, up 16% on 1H23

$7.4b
Total assets ▲ 17%

$2.2b
Retained earnings ▲ 19%

NZ$m	1H24	1H23	Variance	FY23
Investment property	6,794	5,795	*17%*	6,407
Other assets	569.2	502.8	*13%*	534.5
Total assets	**7,363**	**6,298**	***17%***	**6,942**
Residents' loans	2,671	2,287	*17%*	2,507
Face value of bank loans & bonds	1,548	1,307	*18%*	1,399
Other liabilities	446.4	398.1	*12%*	430.2
Total liabilities	**4,666**	**3,991**	***17%***	**4,336**
Net assets	**2,697**	**2,307**	***17%***	**2,605**
Embedded value	**1,643**	**1,522**	***8%***	**1,620**
NTA (cents per share)	**1,143**	**987.7**	***16%***	**1,110**
Retained earnings	**2,221**	**1,873**	***19%***	**2,150**

Summerset net tangible assets per share



Definitions:
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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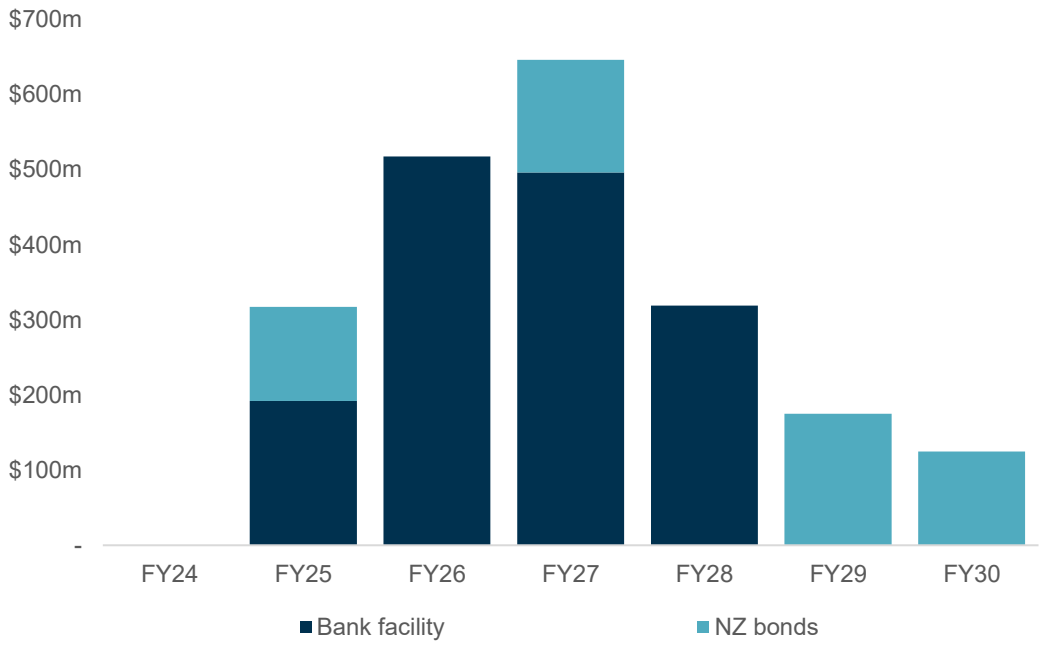
Funding

- Bank facility approximately $1.5b, with existing $575m of retail bonds at 30 June 2024
- As at 30 June 2024, 52% of total debt was hedged at fixed interest rates, resulting in a weighted average interest rate of 5.43% for 1H24
- Total facility (incl. bonds) has an average tenor of 3.1 years
- Bank facility has undrawn capacity of $551.3m as at 30 June 2024
- Retail bond of $125.0m was issued on 8 March 2024

$1.5b
Bank facility

$575m
Retail bonds

Funding maturity profile



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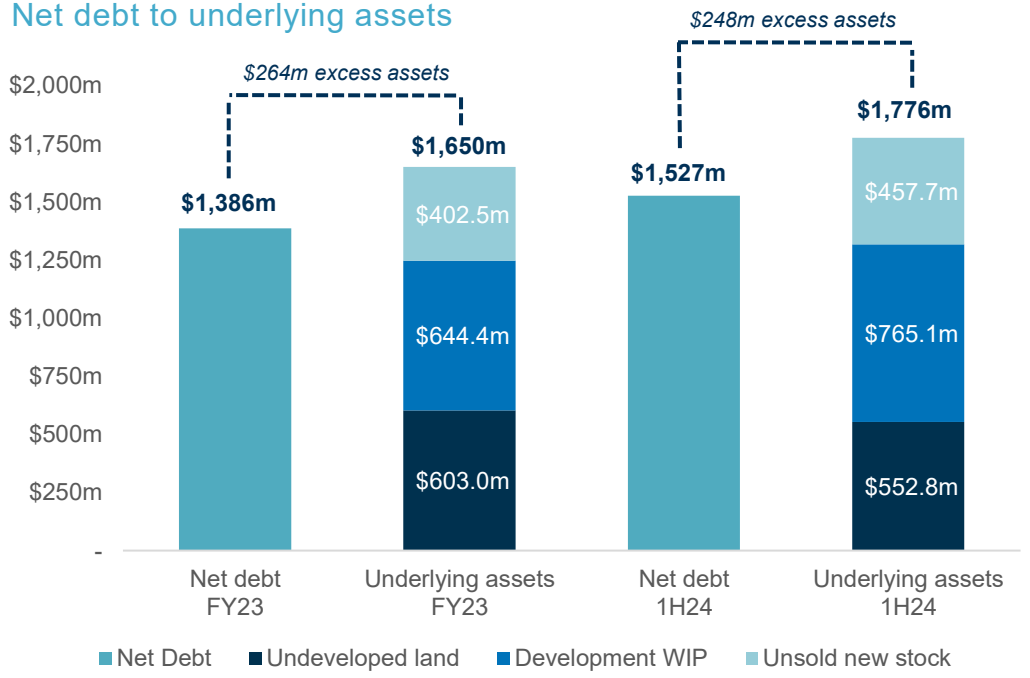
Development assets

- Development assets exceed the value of net debt by $248.3m, or 16%
- Development assets comprise:
  - $552.8m relating to undeveloped land, being the fair value of our Australia and New Zealand land bank
  - $765.1m for development WIP at cost (villages under construction), and
  - $457.7m from unsold new sale stock, which is all delivered new sale stock that is yet to settle
    - $116.7m of delivered stock was contracted and awaiting settlement at 30 June 2024
- Net debt of $1,527m at 1H24, up from $1,386m at FY23

$1.8b
Underlying development assets

38.0%
Bank & bond LVR

Net debt to underlying assets



NZ$m	1H24	1H23	Variance	FY23
Gearing ratio (%)	36.2%	35.5%	*2%*	34.7%
Bank & bond LVR (%)	38.0%	39.1%	*(3%)*	36.4%

Definitions:

Net debt is the 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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Debt measures

- Gross debt of $1.5b, up from $1.3b at 1H23
- Uplift in gross debt driven by increased construction activity across our developing villages in the period
- Gearing ratio of 36.2%, slightly up on 35.5% at 1H23
- Summerset remains well placed to execute on its growth ambitions
  - The business holds no core debt
  - New Zealand gearing ratio with Australian growth related debt excluded is 28.8%
- Summerset's ICR coverage is 203%, more than double the required covenant measure, providing a high degree of covenant headroom for the business

Definitions:

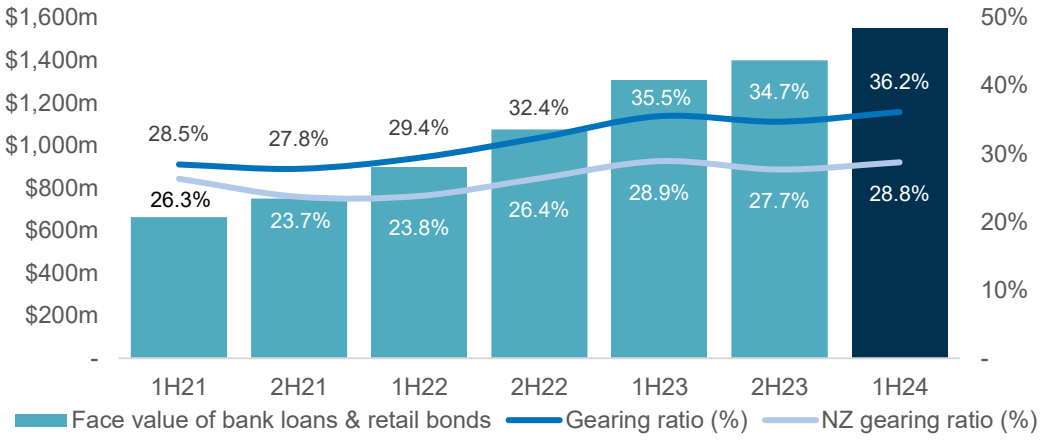
Face value of drawn bank debt and retail bonds. Excludes capitalised and amortised transaction costs for loans and borrowing, and fair value movement on hedged borrowings

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)

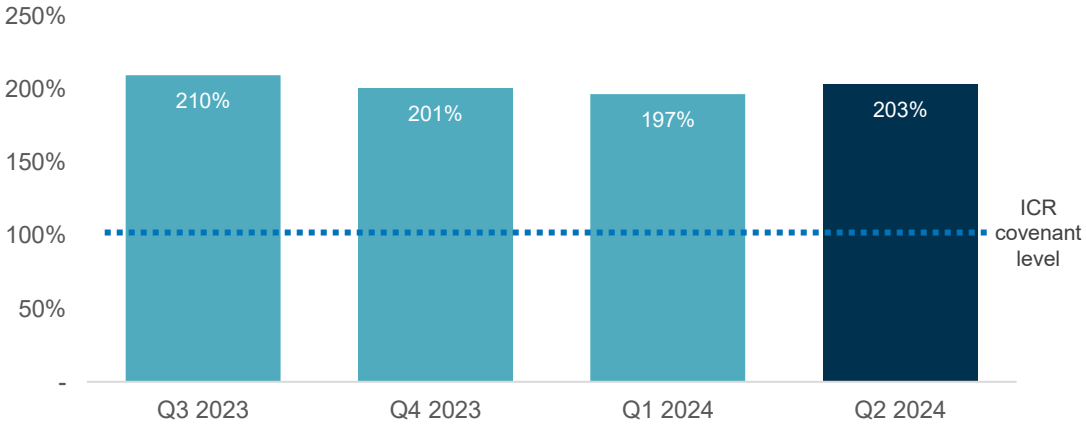
36.2%
Gearing ratio

203%
ICR coverage

Gross borrowings and gearing



ICR coverage ratio



Interim dividend

Declared 1H24 interim dividend of 11.3 cents per share

- The Board has declared an unimputed interim dividend of 11.3 cents per share, being 29.6% of underlying profit
- This represents a payout for 1H24 of approximately $26.6m
- 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 final dividend will be paid on Friday 20 September 2024. The record date for final determination of entitlements to the updated dividend is Monday 9 September 2024

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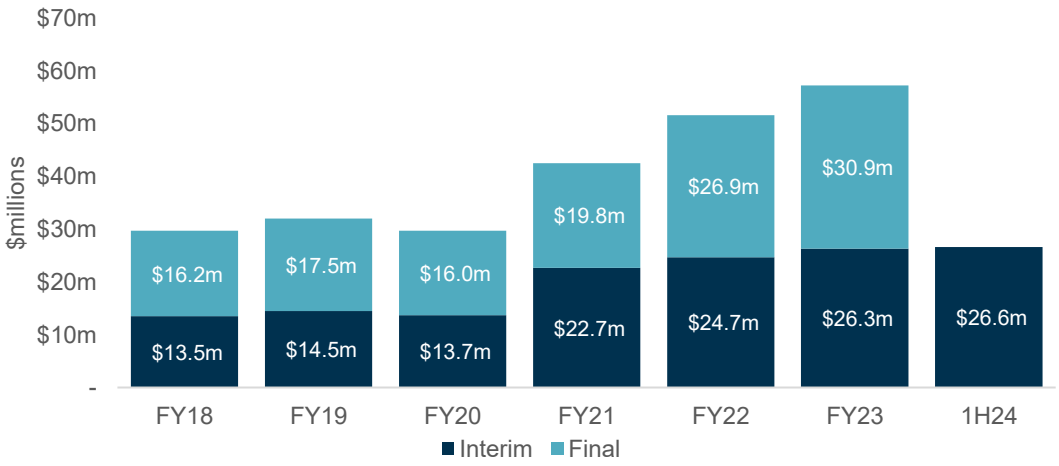
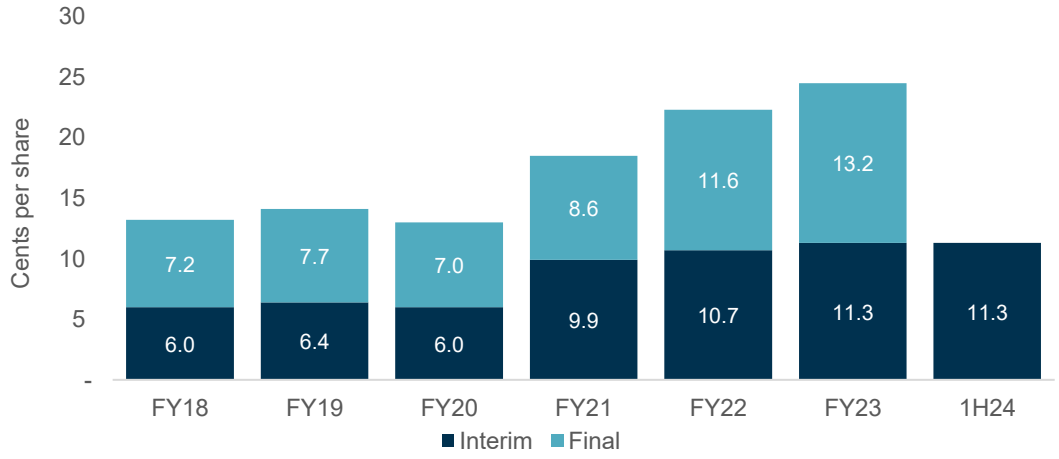
Gross dividend payout per year



Dividend per share



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07
Business performance

Half Year Report 2024

Summerset

Retirement unit delivery

352 total units delivered with 332 in New Zealand, and 20 villas in Australia

- 352 total units delivered in the period across 12 villages, including 277 retirement units and 75 care units
- Of these, 331 will be sold under Occupation Right Agreement, the remaining 21 being care beds
- Main buildings delivered at Pāpāmoa Beach (February) and Lower Hutt (late May)
- 20 retirement units delivered at Cranbourne North, bringing total Australian portfolio to 30 villas
- St Johns remains on track to deliver first units in 2H24
- FY24 deliveries being actively managed to market conditions – expect to deliver at the lower end of the 675 to 725 guidance range for units to be sold under Occupation Right Agreement

1H24 unit delivery	Retirement units			Care units			Total units
	Villas	Apartments	Serviced apartments	Memory care apartments	Care suites	Care beds	
Bell Block	18	-	-	-	-	-	18
Blenheim	21	-	-	-	-	-	21
Cambridge	20	-	-	-	-	-	20
Casebrook	6	-	-	-	-	-	6
Lower Hutt	4	-	35	15	-	-	54
Milldale	13	-	-	-	-	-	13
Pāpāmoa Beach	20	-	56	20	19	21	136
Prebbleton	20	-	-	-	-	-	20
Richmond	9	-	-	-	-	-	9
Te Awa	18	-	-	-	-	-	18
Whangārei	17	-	-	-	-	-	17
Total NZ	**166**	**-**	**91**	**35**	**19**	**21**	**332**
Cranbourne North	20	-	-	-	-	-	20
Total Australia	**20**	**-**	**-**	**-**	**-**	**-**	**20**
Total Group	**186**	**-**	**91**	**35**	**19**	**21**	**352**

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Development margin

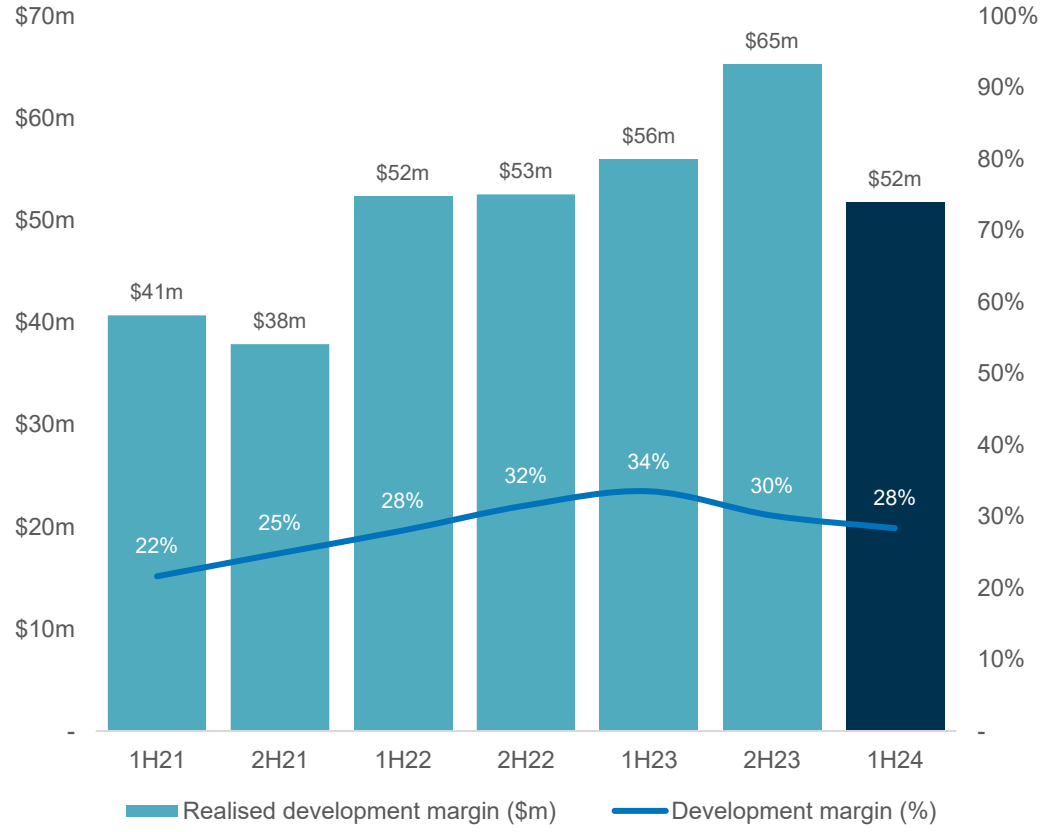
Realised development margin of $51.7m, with a 28% development margin

- Realised development margin of $51.7m with a 28% margin, compared to 34% at 1H23
- Development margin reflective of changes in sales mix in line with the delivery of four main buildings in the past 12 months
- Unit margins continue to track above medium term guidance of 20% to 25%
  - Villa margins of 38%, in line with the 40% achieved in 1H23
  - Apartment margins of 22%, in line with 1H23
  - Average margin on serviced apartments, memory care apartments and care suites of 7%

28.3%
Development margin

$51.7m
Realised margin ▼8%

Realised development margin



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New sales

290 new sales in the period, gross proceeds of $182.4m

- 290 new sales of Occupation Rights in 1H24, up 20% on the 241 settled in 1H23
- Gross proceeds of $182.4m, up 9% on 1H23
- 151 villas and 12 apartments settled during 1H24
- New sales growth driven by serviced apartments (up 31%) and care suites (up 121%)
- Average gross proceeds per new sale of $629k, down from $694k in 1H23 due to the increased proportion of serviced apartments and care suites settled in the period
- Best performing villages were Te Awa (73 new sales), Pāpāmoa Beach (43 new sales) and Bell Block (41 new sales)
- Five regions secured over 30 settlements each, highlighting the benefits of regional diversification

290

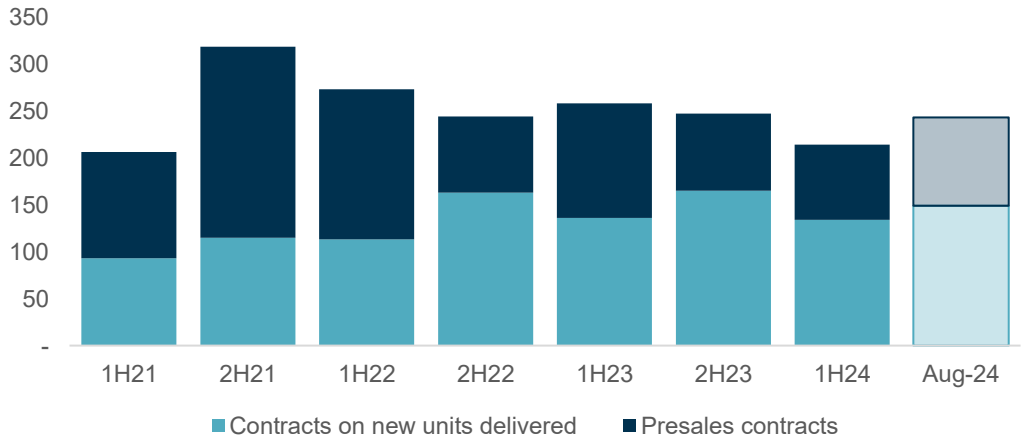
New sales of Occupation Rights

$629k

Average gross proceeds ▼ 9%

New sales	1H24	1H23	Variance	FY23
Gross proceeds ($m)	**182.4**	**167.3**	***9%***	**384.0**
Villas	151	141	*7%*	329
Apartments	12	12	-	20
Serviced apartments	72	55	*31%*	132
Memory care apartments	13	14	*(7%)*	29
Care Suites	42	19	*121%*	50
Total occupation rights	**290**	**241**	***20%***	**560**

Committed new sales pipeline



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New sales stock

142 total delivered units under contract

- 142 delivered units under contract, including eight villas at Cranbourne North in Australia
- Increase in care-based stock driven by the delivery of two main buildings during the period
- Excellent progress made on selling down the three main buildings that opened in FY23 – over 70% of these units now occupied
- Age of stock well placed, almost 50% of uncontracted stock delivered in the past six months
- 2H24 deliveries heavily weighted to St Johns (196 units) with limited other deliveries in the half allowing for sell down of stock recently delivered

142

Delivered units under contract

Two

Main buildings opened in 1H24

New Zealand new sales stock	1H24	FY23
Contracted	134	165
Uncontracted	448	380
Total new sales stock	**582**	**545**
Contracted	94	113
Uncontracted	243	217
Villas	**337**	**330**
Contracted	6	9
Uncontracted	18	25
Apartments	**24**	**34**
Contracted	24	35
Uncontracted	113	85
Serviced apartments	**137**	**120**
Contracted	8	2
Uncontracted	51	35
Memory care apartments	**59**	**37**
Contracted	2	6
Uncontracted	23	18
Care suites	**25**	**24**

Australia new sales stock	1H24	FY23
Contracted	8	2
Uncontracted	20	8
Villas	**28**	**10**

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Resales

298 resales in the period, up 23% on 1H23 with realised resale gain of $45.7m

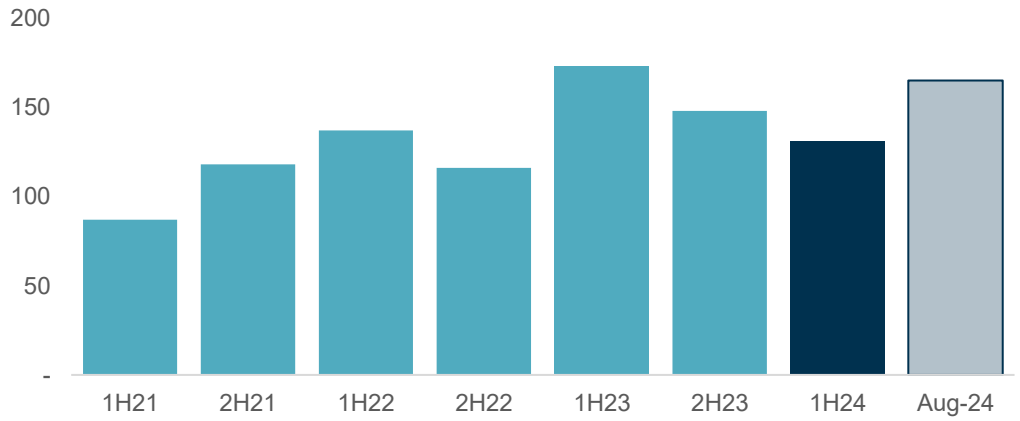
- Total gross proceeds of $177.5m, up 33% on 1H23
- This was driven by higher average gross proceeds per unit and higher overall resales settlements
- 298 Occupation Rights settled in 1H24, up from 242 in 1H23, a 23% increase
- This included a record quarter in Q2 of 177 resales
- Gross proceeds per resale settlement of $596k, up 8% from $551k in 1H23
  - Average villa resales price of $773k, up from $736k in 1H23
- Realised resale gain of $45.7m with an average gain per unit of $153k, up 7% on 1H23
- DMF realisation of $24.3m, up 36% on 1H23
- Villas and apartments comprised 55% of resales, up from 49% in 1H23, driving growth in settlement value

298
Resales of Occupation Rights

$45.7m
Realised resale ▲32% gains

Resales	1H24	1H23	Variance	FY23
Gross proceeds ($m)	**177.5**	**133.4**	***33%***	**318.6**
Realised resale gains ($m)	45.7	34.6	*32%*	88.1
Realised resale gains (%)	26%	26%	*0%*	28%
DMF realisation ($m)	24.3	17.9	*36%*	41.5
Villas	134	94	*43%*	238
Apartments	29	24	*21%*	55
Serviced apartments	111	103	*8%*	208
Memory care apartments	15	15	-	29
Care Suites	9	6	*50%*	13
Total occupation rights	**298**	**242**	***23%***	**543**

Committed resales pipeline



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Resales cash margin

Cash margin on resales of 35% with $61.6m realised in 1H24

- Resales cash margin of 35% in 1H24 with an average margin of $209k per unit, up from $194k in 1H23
- Average refurbishment costs per unit of $22k, in line with the $19k in 1H23
- Sales and marketing costs reflect costs associated with commissions, sales manager salaries and direct marketing costs (e.g. local radio and print, billboards, event open days) for our resale villages

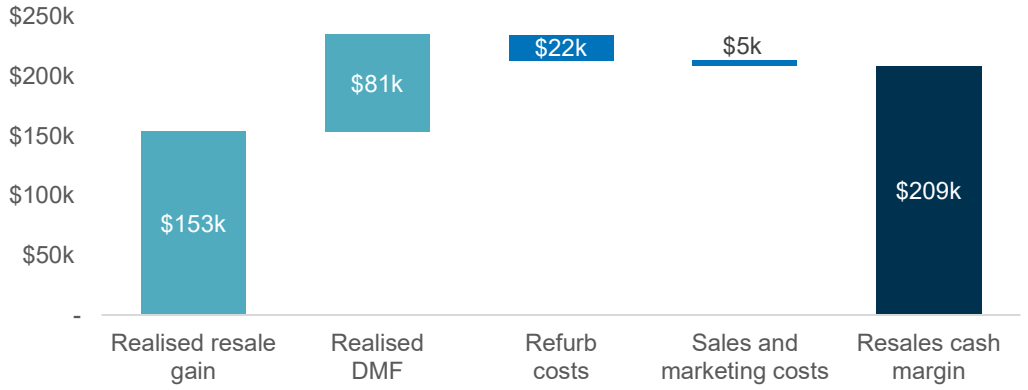
$61.6m
Cash margin on resales

$209k
Realised resale cash margin

Resales	1H24	1H23	Variance	FY23
Gross proceeds ($m)	**177.5**	**133.4**	***33%***	**318.6**
Realised resale gains ($m)	45.7	34.6	*32%*	88.13
DMF realisation ($m)	24.3	17.9	*36%*	41.53
Refurb of existing IP*	(7.1)	(5.7)	*25%*	(11.6)
Sales and marketing costs	(1.3)	(0.9)	*43%*	(2.3)
Cash margin on resale	**61.6**	**45.9**	***34%***	**115.7**
Gross proceeds per unit ($k)	595.6	551.4	*8%*	586.8
Net cash per unit ($k)	234.8	216.7	*8%*	238.8
Average refurb cost per rollover ($k)	(21.8)	(18.6)	*17%*	(20.0)
Sales and marketing costs per unit ($k)	(4.5)	(3.9)	*16%*	(4.3)
Cash margin on resale per unit ($k)	**208.5**	**194.3**	***7%***	**214.4**
Cash margin %	**35%**	**35%**	***(1%)***	**37%**

** Excludes refurbishment costs relating to common areas*

Resales cash margin per unit



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Embedded value

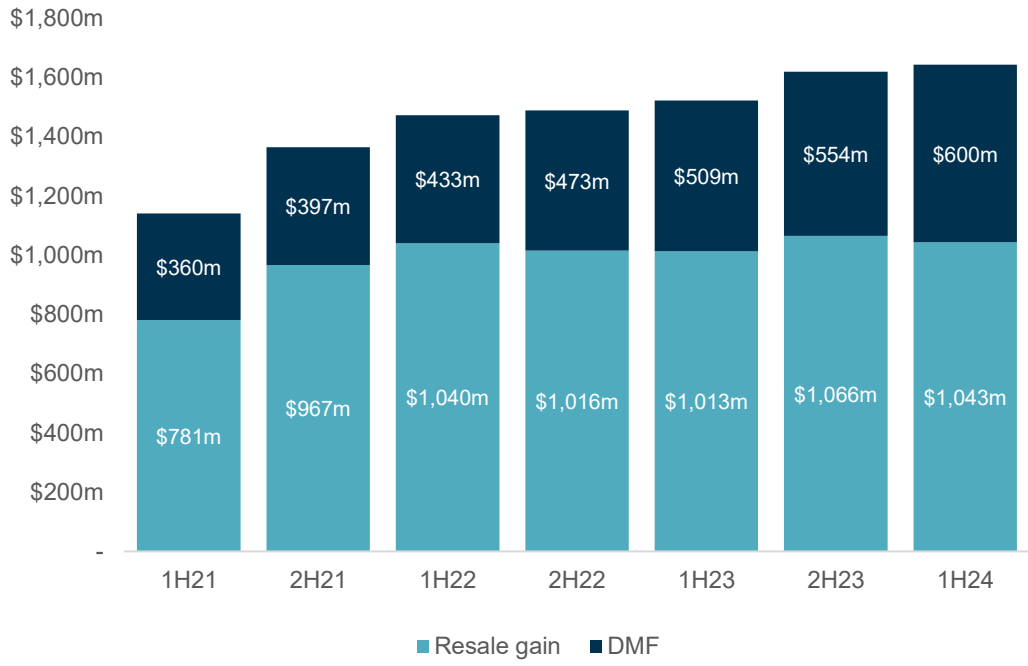
Embedded value now $1.6b, up 8% on 1H23

- Total embedded value now $1.6b, up 8% from $1.5b at 1H23
- Embedded value comprised of:
  - $1.04b resale gains
  - $0.60b deferred management fees
- Embedded value per unit now $247k, down 5% on 1H23, driven by realisation and portfolio growth
- Record $147.3m of embedded value realised in the past 12 months, up 35% on the comparative period
- Unrealised resale gain per unit now $157k, in line with the $153k achieved on the 298 resales of Occupation Rights in 1H24
- Embedded value continues to grow as our portfolio matures, providing a strong platform for growth in operating cash flows

$1.6b
Embedded value ▲8%

$600m
Embedded DMF

Embedded value



	1H24	1H23	Variance	FY23
DMF	$599.6	$509.3	*18%*	$554.3
Resale gain	$1,043	$1,013	*3%*	$1,066
Embedded value	**$1,643**	**$1,522**	***8%***	**$1,620**

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Resale stock

Uncontracted resale stock remains low

- Resale stock of 311 units, up from 292 units at FY23
- Increase was driven by a record 324 units that vacated in 1H24, up 7% on 1H23
- Almost 65% of stock vacated in the last six months with 116 units vacating in the past three months
- Contracted resale stock remains well placed with 131 units under contract at 1H24
- Uncontracted stock remains in line with 1H23 at 2.7% of portfolio
- Continue to see consistent longer term demand in our villages with a waitlist of over 1,500

131
Contracted resale stock

2.7%
Percentage of uncontracted stock

Resales stock	1H24	FY23
Contracted	131	148
Uncontracted	180	144
Total resales stock	**311**	**292**
Contracted	78	92
Uncontracted	106	83
Villas	**184**	**175**
Contracted	8	17
Uncontracted	20	15
Apartments	**28**	**32**
Contracted	36	36
Uncontracted	42	34
Serviced apartments	**78**	**70**
Contracted	6	2
Uncontracted	7	6
Memory care apartments	**13**	**8**
Contracted	3	1
Uncontracted	5	6
Care suites	**8**	**7**

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

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08 Questions

Half Year Report 2024

Summerset

Disclaimer

- This presentation may contain projections or forward looking statements regarding a variety of items. Such forward looking statements are based upon current expectations and involve risks and uncertainties
- Actual results may differ materially from those stated in any forward looking statement based on a number of important factors and risks
- Although management may indicate and believe the assumptions underlying the forward looking statements are reasonable, any of the assumptions could prove inaccurate or incorrect and, therefore, there can be no assurance that the results contemplated in the forward looking statements will be realised
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Summerset Boulcott (Lower Hutt, New Zealand)

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09 Appendix

Half Year Report 2024

Summerset

Appendix contents

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08 Summerset growth and demographics

09 Customer profile and occupancy

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Key terms

Summerset key terms

Underlying profit	Non-GAAP financial measure used by Summerset to monitor financial performance and determine dividend distributions. Calculated by making the following adjustments to reported Net Profit after Tax: Removing the change in fair value in investment properties, removing any impairment, removing non-operating one-off items, adding back realised gains from resales, adding back realised development margin from new sales, removing the deferred taxation component of taxation expense so only the current tax expense is reflected
Annuity EBITDA	EBITDA from care and village operations with adjustments for interest income, other revenue and head office expenditure. It excludes any earnings from development
Development margin	The first time ORA sales receipt less the cost for developing each unit sold under ORA. Costs incorporate the land cost, share of infrastructure costs (e.g. roading, civils), direct ILU costs, share of other costs (e.g. landscaping, FF&E), management fees (incl. a share of corporate overheads) and interest costs. Development margin excludes recreation and administration facility costs and care centre costs (for non-ORA units)
Project cash profits	The final cash return from developing a village. 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
Cash margin from village development	The project cash profit from a village development divided by gross new sales receipt from first sell down
Ongoing operations	Earnings from operating villages and care centres. Incorporates care and village EBITDA, head office support (e.g. management time, IT, sales and marketing costs, administration), other revenue, refurbishment costs, depreciation and amortisation
Construction activity	Earnings from the construction and first-time sale of ORA units. Incorporates realised development margin, direct head office expenditure (sales and marketing costs for first time sell down) and expensed finance costs
Completed villages	Villages where all units, the care centre and common facilities have been completed and delivered
Realised resale gain	The difference in resale unit sales price between the incoming resident and the previous resident. Excludes DMF (shown separately) and forms part of Underlying profit and Annuity EBITDA
Resale cash margin	The realised cash margin on resale of a unit – includes realised resale gain, realised deferred management fee, refurbishment costs and sales and marketing expenditure relating to the resale of the unit

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Key terms

Summerset key terms

Care EBITDA	Care fees from providing care (e.g. rest home and hospital care), deferred management fees from care units and realised resale gain from care units less costs of operating the care centres. Excludes any allocation of head office cost
Village EBITDA	Village services revenue (e.g. weekly fees), deferred management fees from retirement units and realised resale gain from retirement units less costs of operating retirement villages. Excludes any allocation of head office cost
Head office costs	The head offices functions that support the business in effectively operating our retirement villages and care centres. These include employee expenses (e.g. management), sales and marketing costs for the villages, software and technology costs, travel costs, directors' fees, consultancy costs and compliance costs
Employee expenses	Staff wages for villages, care and head office, excludes sales team salaries included below under sales and marketing costs
Building and grounds expenses	Insurance costs, Council rates, utilities and repairs and maintenance costs
Sales and marketing costs	Local and national advertising costs, sales commissions, sales incentives and wages for sales staff and sales management
Software and technology costs	General IT operating expenditure including investment in software costs, hardware costs and license fees
Other operating costs	All other operating costs which includes food costs, medical costs, legal fees, consultancy and travel costs, directors' fees
Deferred management fees	Resident fee, charged under ORA (the standard rate is 25% of the ORA price) which is deducted from the amount repaid to the outgoing resident upon resale of the unit. The fee is in consideration for the right to accommodation and the use of communal facilities over the entire length of a residents stay
Embedded value	Non-GAAP measure that reflects the balance of DMF accrued by the resident and the resale gain (being the difference between the price paid by the last resident and the price that would be paid by an incoming resident across the portfolio) at reporting date
ORA unit	Any retirement or care unit sold under an occupation right. Can include villas, apartments, serviced apartments, memory care apartments and care suites
Retirement unit	Villa, apartment and serviced apartment sold under ORA
Care unit	Memory care apartments, care suites and care beds either sold under ORA or available on a daily charge

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Summerset overview

Diversified portfolio throughout New Zealand and Australia

Our portfolio

6,364
Retirement units in portfolio

5,301
Retirement units in land bank

$7.4b
Total assets

Our care

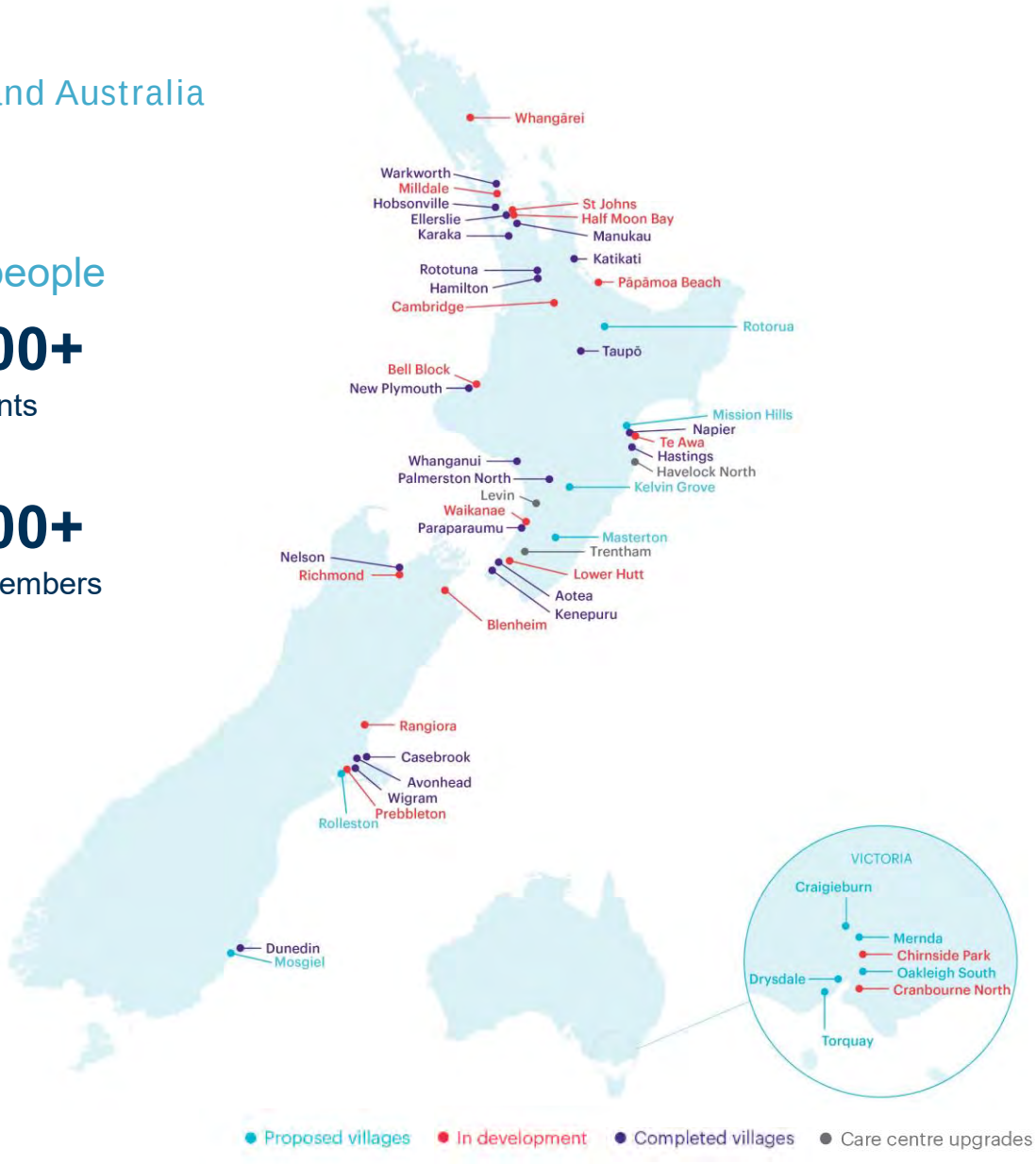
1,359
Care units in portfolio

1,337
Care units in land bank

Our people

8,400+
Residents

2,900+
Staff members



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Portfolio as at 30 June 2024

7,723 total units including 6,364 retirement units and 1,359 care units

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Village	Existing portfolio - as at 30 June 2024						Total units and care beds
	Retirement units			Care units			
	Villas	Apartments	Serviced apartments	Memory care apartments	Care suites	Care beds	
Whangārei	135	-	-	-	-	-	135
Northland	**135**	**-**	**-**	**-**	**-**	**-**	**135**
Ellerslie	38	218	57	-	-	58	371
Hobsonville	163	73	52	-	-	52	340
Karaka	182	-	59	-	-	50	291
Manukau	89	67	27	-	-	54	237
Milldale	32	-	-	-	-	-	32
Warkworth	202	2	44	-	-	41	289
Auckland	**706**	**360**	**239**	**-**	**-**	**255**	**1,560**
Cambridge	65	-	-	-	-	-	65
Hamilton	183	-	50	-	-	49	282
Rototuna	188	-	56	20	7	36	307
Taupō	94	34	18	-	-	-	146
Waikato	**530**	**34**	**124**	**20**	**7**	**85**	**800**
Katikati	156	-	30	-	-	27	213
Pāpāmoa Beach	172	-	56	20	19	21	288
Bay of Plenty	**328**	**-**	**86**	**20**	**19**	**48**	**501**
Hastings	146	5	-	-	-	-	151
Havelock North	94	28	-	-	-	45	167
Napier	94	26	20	-	-	48	188
Te Awa	199	-	56	20	15	28	318
Hawke's Bay	**533**	**59**	**76**	**20**	**15**	**121**	**824**
Bell Block	162	-	56	20	19	21	278
New Plymouth	108	-	40	-	-	52	200
Taranaki	**270**	**-**	**96**	**20**	**19**	**73**	**478**
Levin	64	22	-	10	-	41	137
Palmerston North	90	12	-	-	-	44	146
Whanganui	70	18	12	-	-	37	137
Manawatū-Whanganui	**224**	**52**	**12**	**10**	**-**	**122**	**420**

Portfolio as at 30 June 2024

7,723 total units including 6,364 retirement units and 1,359 care units

Village	Existing portfolio - as at 30 June 2024						Total units and care beds
	Retirement units			Care units			
	Villas	Apartments	Serviced apartments	Memory care apartments	Care suites	Care beds	
Aotea	96	33	38	-	-	-	167
Kenepuru	112	48	86	20	17	26	309
Lower Hutt	13	20	35	15	-	-	83
Paraparaumu	92	22	-	-	-	44	158
Trentham	231	12	40	-	-	44	327
Waikanae	27	-	-	-	-	-	27
Wellington-Kapiti	**571**	**135**	**199**	**35**	**17**	**114**	**1,071**
Blenheim	36	-	-	-	-	-	36
Nelson	214	-	55	-	-	59	328
Richmond	223	-	56	20	17	26	342
Nelson-Tasman	**473**	**-**	**111**	**20**	**17**	**85**	**706**
Avonhead	165	-	79	20	17	26	307
Casebrook	270	-	56	20	-	43	389
Prebbleton	98	-	-	-	-	-	98
Wigram	159	-	53	-	-	49	261
Canterbury	**692**	**-**	**188**	**40**	**17**	**118**	**1,055**
Dunedin	61	20	20	-	-	42	143
Otago	**61**	**20**	**20**	**-**	**-**	**42**	**143**
Total NZ	**4,523**	**660**	**1,151**	**185**	**111**	**1,063**	**7,693**
Cranbourne North	30	-	-	-	-	-	30
Total Australia	**30**	**-**	**-**	**-**	**-**	**-**	**30**
Total NZ and Australia	**4,553**	**660**	**1,151**	**185**	**111**	**1,063**	**7,723**

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Future development

Largest New Zealand land bank for a retirement village operator of 4,462 units and beds

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Landbank – as at 30 June 2024							
	Retirement units			Care units			
Village	Villas	Apartments	Serviced apartments	Memory care apartments	Care suites	Care beds	Total units and care beds
Whangārei	82	-	60	20	15	21	198
Northland	**82**	**-**	**60**	**20**	**15**	**21**	**198**
Half Moon Bay	-	232	17	20	26	-	295
Milldale	101	36	60	20	15	21	253
St Johns	11	225	55	19	30	-	340
Auckland	**112**	**493**	**132**	**59**	**71**	**21**	**888**
Cambridge	195	-	60	20	15	21	311
Waikato	**195**	**-**	**60**	**20**	**15**	**21**	**311**
Pāpāmoa Beach	39	-	-	-	-	-	39
Rotorua	260	-	20	20	10	20	330
Bay of Plenty	**299**	**-**	**20**	**20**	**10**	**20**	**369**
Havelock North	-	-	-	-	26	8	34
Te Awa	42	-	-	-	-	-	42
Hawke's Bay	**42**	**-**	**-**	**-**	**26**	**8**	**76**
Bell Block	60	-	-	-	-	-	60
Taranaki	**60**	**-**	**-**	**-**	**-**	**-**	**60**
Kelvin Grove	183	-	20	20	10	20	253
Manawatū-Whanganui	**183**	**-**	**20**	**20**	**10**	**20**	**253**
Levin	7	-	-	-	15	5	27
Lower Hutt	37	89	22	-	30	-	178
Masterton	236	-	20	20	10	20	306
Trentham	-	-	-	-	26	8	34
Waikanae	190	-	60	20	15	21	306
Wellington-Kapiti-Wairarapa	**470**	**89**	**102**	**40**	**96**	**54**	**851**

Future development

Largest New Zealand land bank for a retirement village operator of 4,462 units and beds

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Landbank – as at 30 June 2024							
	Retirement units			Care units			
Village	Villas	Apartments	Serviced apartments	Memory care apartments	Care suites	Care beds	Total units and care beds
Richmond	35	-	-	-	-	-	35
Nelson-Tasman	**35**	**-**	**-**	**-**	**-**	**-**	**35**
Blenheim	104	-	30	20	10	10	174
Marlborough	**104**	**-**	**30**	**20**	**10**	**10**	**174**
Prebbleton	123	-	60	20	15	21	239
Rangiora	260	-	40	20	27	9	356
Rolleston	267	-	20	20	10	20	337
Canterbury	**650**	**-**	**120**	**60**	**52**	**50**	**932**
Mosgiel	245	-	20	20	10	20	315
Otago	**245**	**-**	**20**	**20**	**10**	**20**	**315**
Total NZ	**2,477**	**582**	**564**	**279**	**315**	**245**	**4,462**
Chirnside Park	185	-	28	-	-	72	285
Craigieburn	267	-	34	-	-	72	373
Cranbourne North	131	-	34	-	-	72	237
Drysdale	300	-	34	-	-	72	406
Mernda	284	-	20	-	-	72	376
Oakleigh South	50	44	-	-	-	66	160
Torquay	209	30	28	-	-	72	339
Total Australia	**1,426**	**74**	**178**	**-**	**-**	**498**	**2,176**
Total NZ and Australia	**3,903**	**656**	**742**	**279**	**315**	**743**	**6,638**

Excludes Mission Hills, Napier, which was acquired post 30 June 2024, adding approximately 270 independent homes and a care centre to the land bank

1H24 underlying profit reconciliation

Reconciliation of underlying profit to reported net profit after tax

Financial (NZ$m)

	1H24	1H23	Variance	FY23
Net profit before tax (IFRS)	120.8	128.1	*(6%)*	422.5
Net profit after tax (IFRS)	**102.2**	**133.1**	*(23%)*	**436.3**
Less fair value movement of investment property	(128.4)	(131.5)	*(2%)*	(441.6)
Add impairment of assets and other one-off costs	0.1	-	-	-
Add realised gain on resales	45.7	34.6	*32%*	88.1
Add realised development margin	51.7	56.0	*(8%)*	121.2
Add/(less) deferred tax expense/ (credit)	18.6	(5.0)	*(476%)*	(13.8)
Underlying profit	**89.9**	**87.2**	*3%*	**190.3**

Underlying Profit:

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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Historical trends

Historical trends across operational and financial metrics

Half year results	1H24	2H23	1H23	2H22	1H22	2H21	1H21	2H20	1H20	2H19	1H19	2H18	1H18
Operational													
New sales of occupation rights	290	319	241	248	289	238	302	276	128	193	136	194	145
Resales of occupation rights	298	301	242	248	222	195	243	245	136	181	142	147	154
Total sales	**588**	**620**	**483**	**496**	**511**	**433**	**545**	**521**	**264**	**374**	**278**	**341**	**299**
New units delivered	352	540	152	428	223	324	347	231	182	215	139	289	217
Retirement units in portfolio	6,364	6,087	5,670	5,518	5,153	4,930	4,669	4,385	4,195	4,076	3,861	3,722	3,433
Care units in portfolio	1,359	1,284	1,161	1,161	1,098	1,098	1,035	972	931	868	868	868	868
Care fees	61.6	59.0	50.6	50.4	45.8	45.4	39.4	39.4	35.7	35.3	33.0	32.5	28.8
Deferred management fees	3.0	2.5	2.3	1.9	1.4	0.8	0.4	-	-	-	-	-	-
Realised gain on resales	0.1	0.1	0.2	0.5	0.1	0.2	0.1	0.2	0.1	-	-	0.1	-
Care operating expenses	(66.2)	(64.4)	(50.8)	(52.2)	(48.3)	(45.7)	(37.2)	(40.8)	(27.6)	(29.2)	(27.7)	(26.9)	(24.6)
Care EBITDA	**(1.4)**	**(2.8)**	**2.3**	**0.6**	**(1.1)**	**0.6**	**2.8**	**(1.2)**	**8.2**	**6.0**	**5.3**	**5.6**	**4.2**
Village services	29.3	27.7	25.1	24.1	21.6	20.5	18.9	17.4	16.5	15.8	14.8	14.1	12.8
Deferred management fees	54.9	52.3	47.6	46.5	42.5	39.0	34.9	32.0	28.7	27.4	25.1	23.3	22.3
Realised gain on resales	45.6	53.5	34.4	37.8	31.8	30.3	29.3	30.2	15.6	22.6	14.3	13.7	14.9
Village operating expenses	(36.4)	(35.9)	(30.8)	(30.8)	(27.1)	(25.1)	(21.5)	(23.9)	(17.4)	(18.5)	(15.8)	(15.4)	(14.0)
Village EBITDA	**93.4**	**97.5**	**76.2**	**77.6**	**68.8**	**64.7**	**61.6**	**55.7**	**43.4**	**47.3**	**38.4**	**35.7**	**36.0**
Interest and other revenue	2.7	2.7	2.7	1.9	2.9	4.8	1.2	1.6	1.1	1.5	1.1	1.5	1.8
Head office expenditure (post capitalisation)	(34.6)	(36.0)	(30.1)	(27.1)	(26.6)	(29.3)	(20.3)	(24.4)	(12.8)	(17.8)	(13.4)	(17.2)	(14.4)
Annuity EBITDA	**60.1**	**61.2**	**51.1**	**53.1**	**44.0**	**40.9**	**45.3**	**31.6**	**39.9**	**37.0**	**31.4**	**25.6**	**27.7**
Realised development margin	51.7	65.2	56.0	52.5	52.3	37.8	40.7	30.8	17.4	33.9	27.1	37.9	25.8
Underlying EBITDA	**111.9**	**126.5**	**107.1**	**105.6**	**96.3**	**78.7**	**86.0**	**62.3**	**57.3**	**70.9**	**58.5**	**63.5**	**53.5**
Depreciation and amortisation	(9.2)	(8.5)	(7.3)	(7.0)	(6.6)	(6.4)	(5.2)	(4.2)	(3.9)	(3.9)	(3.9)	(3.8)	(2.9)
Finance costs	(12.8)	(14.9)	(12.6)	(9.7)	(7.3)	(6.7)	(5.3)	(5.2)	(8.3)	(8.6)	(6.8)	(6.3)	(5.4)
Underlying profit ($m)	**89.9**	**103.1**	**87.2**	**89.0**	**82.5**	**65.6**	**75.5**	**53.0**	**45.1**	**58.4**	**47.8**	**53.4**	**45.2**
Refurbishment costs	(7.1)	(6.0)	(5.7)	(3.8)	(3.7)	(3.0)	(2.5)	(3.0)	(2.5)	(2.5)	(1.5)	(1.8)	(1.2)
Profit after refurbishment costs	**82.9**	**97.2**	**81.5**	**85.2**	**78.7**	**62.6**	**73.0**	**50.0**	**42.6**	**55.9**	**46.3**	**51.6**	**44.0**
Operating cash flow	191.6	251.5	146.7	178.8	190.4	153.7	229.7	174.0	92.8	144.6	93.3	217.8	92.8
Financial (NZ$m)													
Total assets ($m)	7,363	6,942	6,298	5,840	5,375	4,924	4,375	3,893	3,433	3,338	3,028	2,766	2,451
Total equity	2,697	2,605	2,307	2,193	2,062	1,925	1,618	1,355	1,113	1,132	1,054	979	871
EPS (cents) (IFRS profit)	43.5	130.1	57.3	58.2	58.5	122.3	115.9	101.9	0.4	36.9	41.7	53.5	43.8
NTA (cents)	1,143	1,110	988	944	891	836	707	594	491	502	471	438	392

Definitions:

- 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 61 for a reconciliation between the two measures, and note 2 of the financial statements for detail on the components of underlying profit

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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 by the Park	Manukau	179.5	1.6	13.50%	1.50%	2.25%	2.75%	3.00%	3.50%
Summerset by the Lake	Taupō	103.1	1.6	14.50%	1.50%	2.25%	2.75%	3.00%	3.50%
Summerset in the Bay	Napier	105.7	2.7	13.75%	1.25%	2.25%	2.75%	3.00%	3.50%
Summerset in the Orchard	Hastings	113.7	1.8	14.50%	1.25%	2.25%	2.75%	3.00%	3.50%
Summerset in the Vines	Havelock North	92.4	0.9	14.25%	1.50%	2.25%	2.75%	3.00%	3.50%
Summerset in the River City	Whanganui	49.5	1.0	14.88%	1.50%	2.25%	2.75%	3.00%	3.50%
Summerset on Summerhill	Palmerston North	71.1	1.6	14.50%	1.50%	2.25%	2.75%	3.00%	3.50%
Summerset by the Ranges	Levin	44.0	0.8	14.75%	1.50%	2.25%	2.75%	3.00%	3.50%
Summerset on the Coast	Paraparaumu	89.6	1.5	14.25%	1.00%	2.00%	2.50%	3.00%	3.50%
Summerset at Aotea	Aotea	137.2	1.2	14.00%	1.50%	2.25%	2.75%	3.00%	3.50%
Summerset in the Sun	Nelson	191.6	3.6	13.50%	1.50%	2.25%	2.75%	3.00%	3.50%
Summerset at Bishopscourt	Dunedin	70.1	2.3	14.25%	1.25%	2.25%	2.75%	3.00%	3.50%
Summerset down the Lane	Hamilton	158.4	(2.3)	14.00%	1.00%	1.50%	2.00%	2.50%	3.50%
Summerset Mountain View	New Plymouth	99.3	2.4	14.50%	1.50%	2.25%	2.75%	3.00%	3.50%
Summerset Falls	Warkworth	233.3	(0.8)	14.00%	1.00%	1.50%	2.00%	2.50%	3.50%
Summerset at Heritage Park	Ellerslie	375.7	1.1	14.50%	1.00%	1.50%	2.00%	2.50%	3.50%
Summerset at Karaka	Karaka	223.3	(0.3)	13.75%	1.00%	1.50%	2.00%	2.50%	3.50%
Summerset at Wigram	Wigram	156.4	5.2	13.75%	1.50%	2.25%	2.75%	3.00%	3.50%
Summerset at the Course	Trentham	216.7	(0.3)	14.00%	1.00%	1.50%	2.00%	2.50%	3.50%
Summerset by the Sea	Katikati	141.6	3.1	14.50%	1.50%	2.25%	2.75%	3.00%	3.50%
Summerset Rototuna	Rototuna	207.3	1.8	14.00%	1.00%	1.50%	2.00%	2.50%	3.50%
Summerset at Avonhead	Avonhead	205.5	2.1	13.75%	1.00%	1.50%	2.00%	3.00%	3.50%
Summerset at Monterey Park	Hobsonville	362.6	(2.2)	13.50%	1.00%	1.50%	2.00%	2.50%	3.50%
Summerset on the Landing	Kenepuru	244.0	3.3	14.00%	1.00%	1.50%	2.00%	2.50%	3.50%
Summerset on Cavendish	Casebrook	260.4	2.7	13.75%	1.00%	1.50%	2.00%	3.00%	3.50%
Total for completed villages		**4,132**	**36.3**						

** 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 Richmond Ranges	Richmond	225.8	1.4	14.50%	1.00%	1.50%	2.00%	2.50%	3.50%
Summerset Palms	Te Awa	226.6	17.1	14.50%	1.00%	1.50%	2.00%	2.50%	3.50%
Summerset by the Dunes	Pāpāmoa Beach	195.6	15.2	14.50%	1.00%	1.50%	2.00%	2.50%	3.50%
Summerset Pohutukawa Place	Bell Block	184.9	15.3	14.50%	1.00%	1.50%	2.00%	2.50%	3.50%
Summerset Mount Denby	Whangarei	127.8	5.3	15.00%	1.00%	1.50%	2.00%	2.50%	3.50%
Summerset Cambridge	Cambridge	78.5	3.4	16.25%	1.00%	1.50%	2.00%	3.00%	3.50%
Summerset Prebbleton	Prebbleton	90.3	6.3	16.25%	1.00%	1.50%	2.00%	3.00%	3.50%
Summerset Blenheim	Blenheim	33.4	2.4	16.50%	1.00%	1.50%	2.00%	3.00%	3.50%
Summerset Milldale	Milldale	60.9	3.9	16.50%	1.00%	1.50%	2.00%	3.00%	3.50%
Summerset Boulcott	Lower Hutt	92.8	10.0	15.75%	1.00%	1.50%	2.00%	3.00%	3.50%
Summerset Waikanae	Waikanae	42.7	3.3	16.50%	1.00%	1.50%	2.00%	2.50%	3.50%
Summerset Cranbourne North	Cranbourne North	41.5	(7.7)	13.50%	3.97%	2.74%	3.04%	3.04%	3.02%
Summerset Rangiora	Rangiora	13.7	2.3	n/a	n/a	n/a	n/a	n/a	n/a
Summerset St Johns	St Johns	313.0	23.3	n/a	n/a	n/a	n/a	n/a	n/a
Summerset Half Moon Bay	Half Moon Bay	35.4	(1.0)	n/a	n/a	n/a	n/a	n/a	n/a
Summerset Chirnside Park	Chirnside Park	50.6	(1.3)	n/a	n/a	n/a	n/a	n/a	n/a
Total for villages in development		**1,814**	**99.1**						
Total for proposed villages**		**343.9**	**(7.0)**						
Total for all villages		**6,289**	**128.4**						

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

*** Proposed villages includes assets held for sale – refer to note 5 in the Annual report*

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Sales price relativity

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

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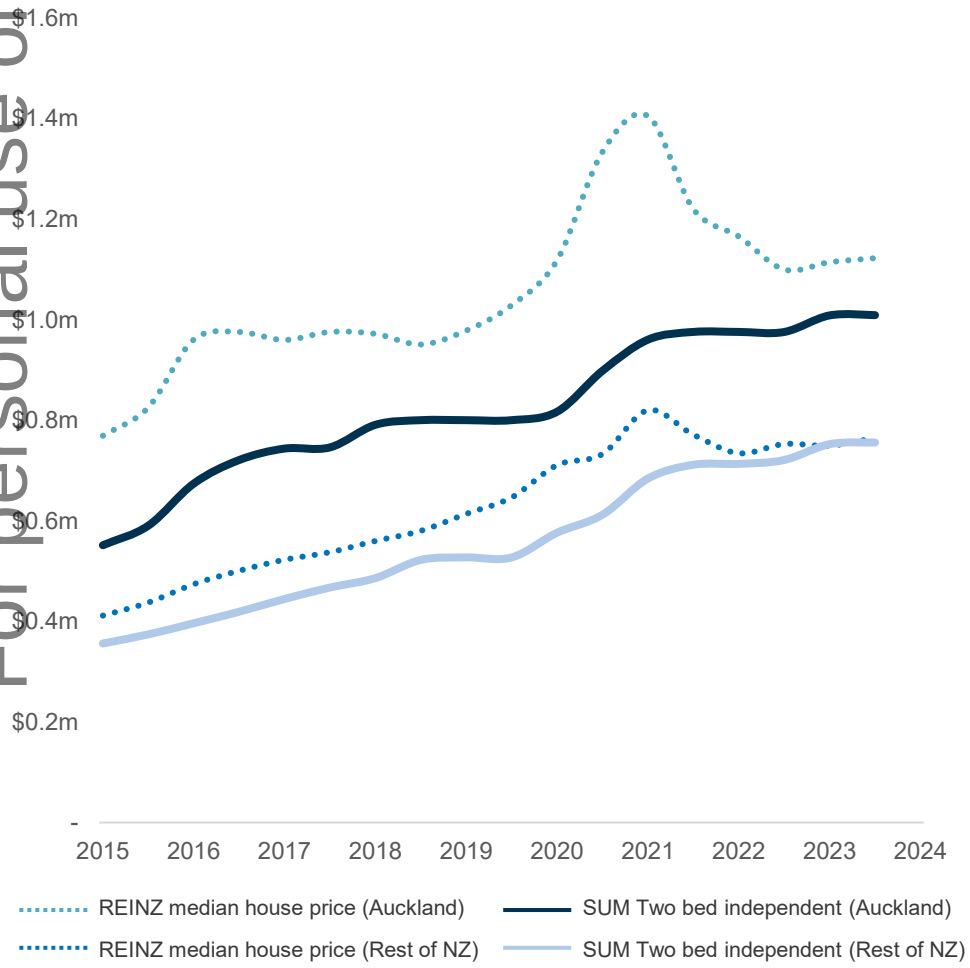
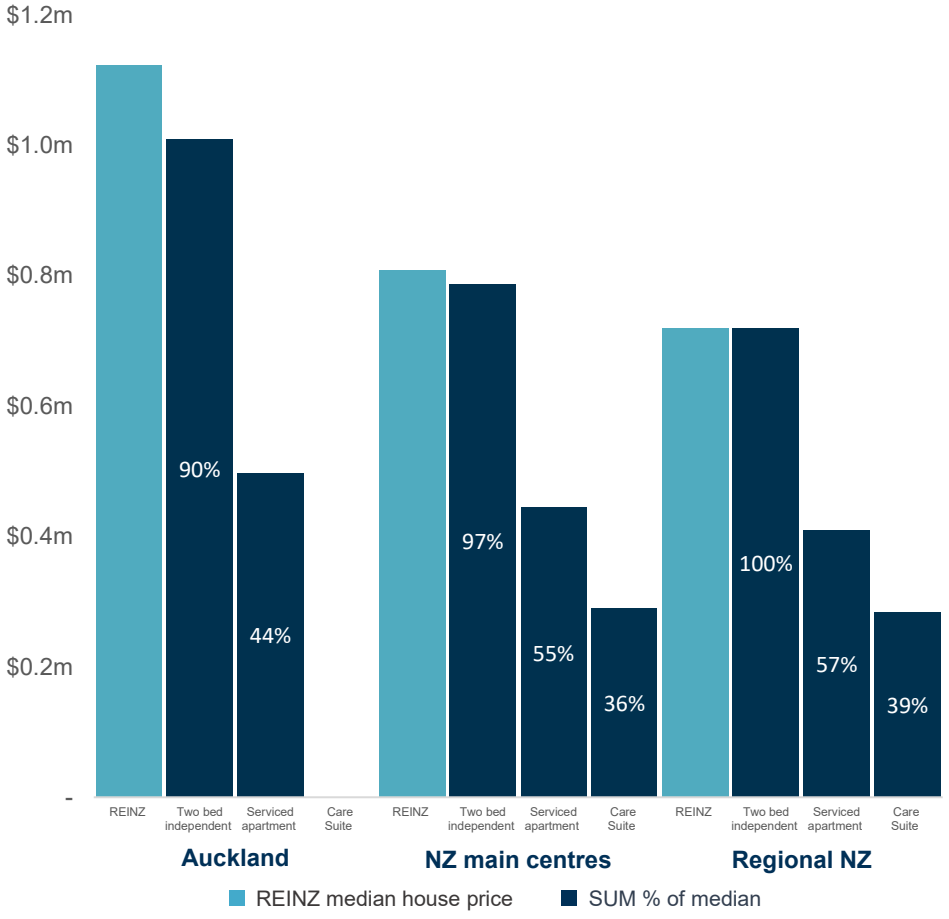
Long term sales price relativity



Sales price relativity vs median house price



Source: REINZ, June 2024, based on Summerset catchments

Summerset growth and key demographics

26 years of consistent delivery and growth

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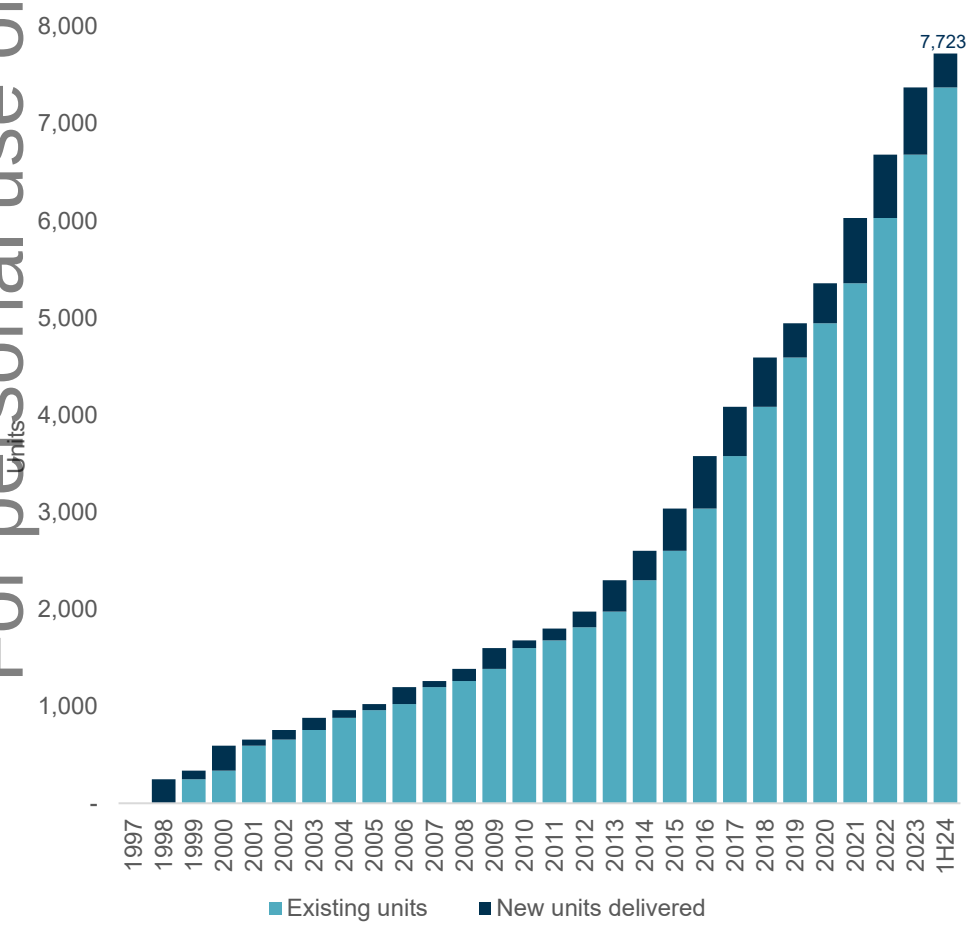
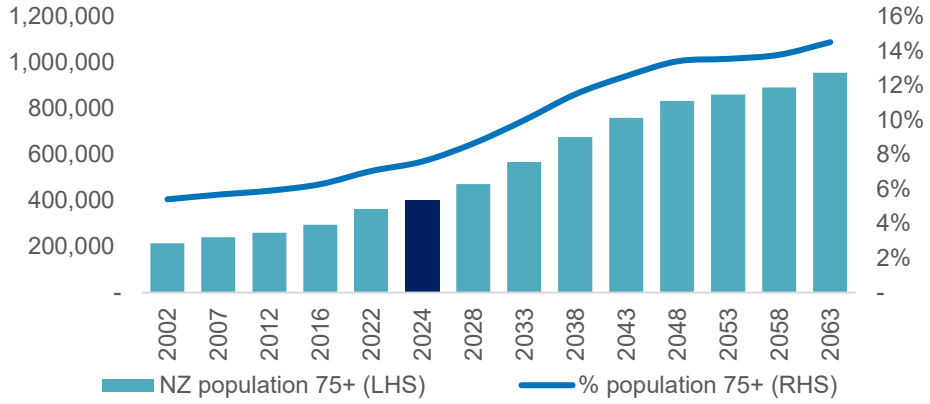
Summerset build rate

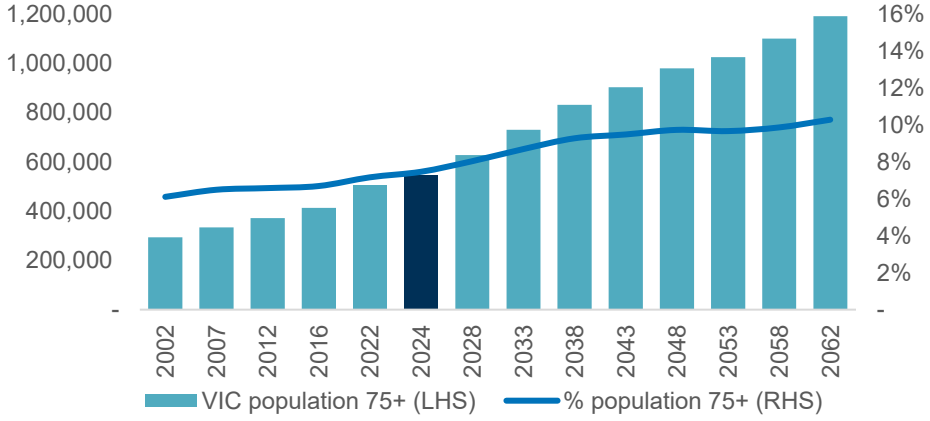


New units delivered includes retirement units, memory care apartments, care suites and care beds

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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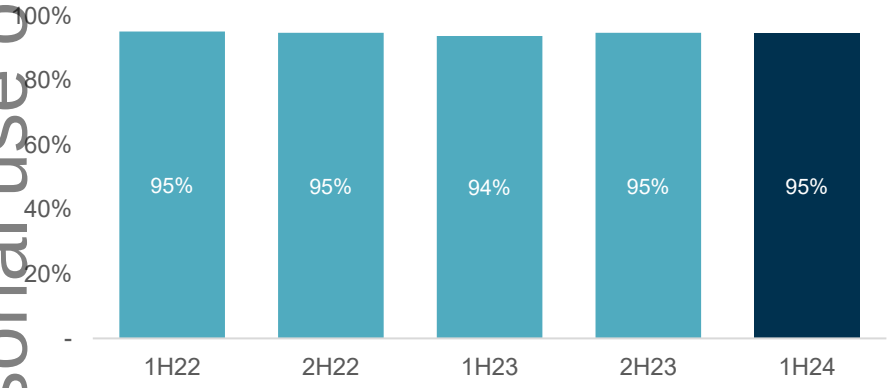
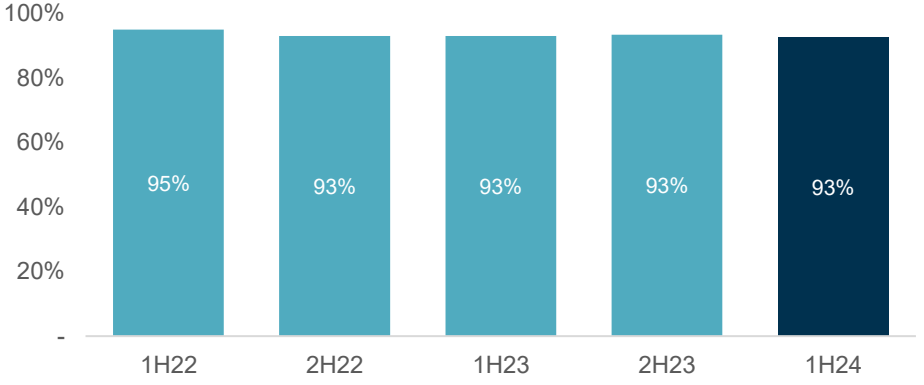
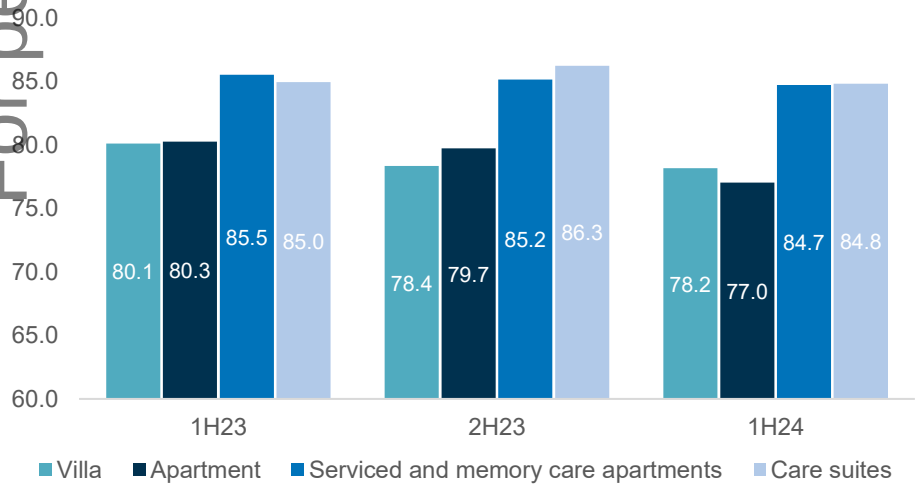
Occupancy – retirement villages



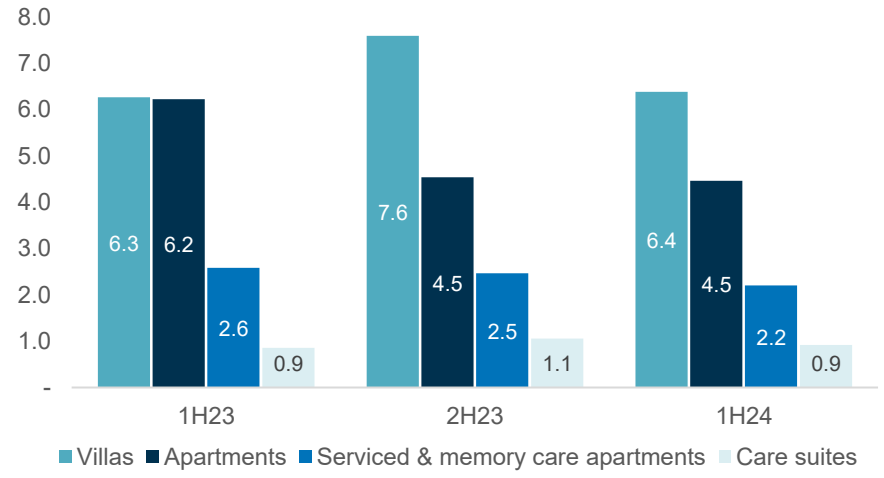
Occupancy – established care centres



Average entry age of residents (years)



Average tenure (years)





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Ngā mihi

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Results announcement

(for Equity Security issuer/Equity and Debt Security issuer)

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Results for announcement to the market		
Name of issuer	Summerset Group Holdings Limited	
Reporting Period	6 months to 30 June 2024	
Previous Reporting Period	6 months to 30 June 2023	
Currency	NZD	
	Amount (000s)	**Percentage change**
Revenue from continuing operations	$151,646	18.2%
Total Revenue	$151,646	18.2%
Net profit/(loss) from continuing operations after tax	$102,160	-23.2%
Total net profit/(loss) after tax	$102,160	-23.2%
Underlying profit*	$89,925	3.2%
Interim/Final Dividend		
Amount per Quoted Equity Security	$0.113 per Ordinary Share	
Imputed amount per Quoted Equity Security	Not imputed	
Record Date	9 September 2024	
Dividend Payment Date	20 September 2024	
	Current period	**Prior comparable period**
Net tangible assets per Quoted Equity Security	$11.43	$9.88
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 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	26 August 2024

Unaudited financial statements accompany this announcement.

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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	09/09/2024			
Ex-Date (one business day before the Record Date)	06/09/2024			
Payment date (and allotment date for DRP)	20/09/2024			
Total monies associated with the distribution[1]	$26,624,379.40100000			
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	10/09/2024	16/09/2024
Date strike price to be announced (if not available at this time)	17/09/2024	
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	10/09/2024	
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	26/08/2024	

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