

## **Summerset AGM 22 April 2025**

### **CHAIRMAN'S ADDRESS - Mark Verbiest**

#### **Introduction**

It is my pleasure to address you today at my fourth annual general meeting as Summerset's Board Chair.

Over the past year, we have faced a very challenging macroeconomic environment, and uncertainty continues to be a theme unfortunately. Despite these conditions, Summerset has delivered value for residents and for investors. We grew our portfolio and therefore our NTA by 13% to \$12.53 per share, and provided a modest dividend return of 24.5 cents per share to shareholders for the 2024 financial year, in line with 2023.

I'd like to share with you some of the highlights of our financial performance and initiatives which of course are fully detailed in our Annual Report released in February.

#### **Business Performance**

We saw our highest year of Occupation Rights sales, delivered our forecasted new homes, and continued to strengthen our development pipeline.

We also continued to experience high demand and enquiry for our offering. This was assisted by a growing population aged 75+, along with the desire for improved lifestyle, health, and a greater sense of community. Despite the economic conditions, our addressable customer market continues to grow and will do for some decades.

Summerset is now home to more than 8,700 residents, and we employ over 3,000 people across New Zealand and Australia in our villages, construction sites and offices.

#### *New Zealand*

Our construction team were working across 18 sites in New Zealand, delivered 676 homes, at the lower end of guidance (as was signalled), along with 21 care beds - a 2% growth in construction numbers year on year.

Summerset's total unit portfolio reached 7,970. During 2024 we were very deliberate in how we managed our portfolio, demonstrating the flexibility we can bring to our build programme, being able to slow work down where demand was lighter and concentrate efforts elsewhere given the vast bulk of our development sites are broad acre.

We are committed to expanding our footprint and enhancing our offerings to meet the growing demand for our services. We have a well-diversified land bank with proposed village sites from Auckland to Dunedin in New Zealand, and four sites in Victoria Australia giving us flexibility in the rate and location of development.

Across both Australia and New Zealand we have the potential to build a further 7,543 units and care beds, roughly double the size we currently are. In 2024 our build rate meant we were also one of the top residential builders in the country.

### *Australia*

We continue to progress in Australia and are carefully building momentum with our portfolio.

Our development and expansion is continuing as we look to prudently expand our footprint and consent our land bank to meet the forecast demand in this market.

We welcomed our first Australian residents in March 2024 at our Cranbourne North village. We expect to finish our first main building at Cranbourne North this year and welcome our first care residents in 2026. Once completed, we expect sales in this village to accelerate. We've also begun construction on two other villages at Chirnside Park and Torquay.

### **Sustainability Initiatives**

We are proud of our industry-leading approach to sustainability and have made significant improvements in how we measure, reduce, and report on our impacts. This year, we released our second Sustainability Review and Climate-related Disclosures document alongside our Annual Report.

This document outlines our successes over 2024 as well as the risks and opportunities that climate change presents for us as a business.

In 2024 our major sustainability achievements and milestones include installing more than 1,000 solar panels on our village main buildings, reducing the upfront embodied carbon of our townhouse homes by 24%, moving to a 30% reduced embodied carbon concrete product, planted 80,000 native plants, meeting all three of our sustainability-linked lending performance targets, and diverting more than 4,400 tonnes of construction waste.

Our sustainability work has also been recognised with several awards, including being named a Sustainability Leader in the Property & Construction category by the Australian Financial Review and receiving an Ethical and Sustainable Business Award from Money Matters and Catalyst Leadership.

### **Regulatory environment**

Both the Australian and New Zealand governments have been considering changes to legislation relevant to Summerset's operations. From what we understand of the proposed legislative changes, our practices already align with the proposed changes and we don't anticipate any material changes to our operations in either country.

In New Zealand, the government has indicated that they would like to consider greater transparency for a Retirement Villages' Code of Practice, increase

protections for residents such as restrictions on passing on insurance excesses, and that they will take advice on three key areas: passing on the cost of maintaining operator-owned chattels, the management of complaints and disputes, and incentivising earlier capital repayments when residents leave the village.

Summerset supports practicable measures that require operators to lift standards. We have worked hard to provide plain English documentation, we don't charge for the maintenance or repairs of chattels in our villages, and we will pay interest to a resident, or their estate, if their home hasn't sold after six months of leaving the village. We also support a fair and transparent disputes resolution option if we can't agree with a resident or their family on an issue.

In Australia, a new Aged Care Act has been passed by Parliament and will commence from 1 July 2025. The reforms will increase accountability for operators through strengthened standards and include the introduction of user pays provisions for funding models. It is our view that Summerset is well placed to benefit from the reforms when our care operations commence there in 2026.

## **Conclusion**

I'd like to thank my fellow directors for their work and support over the last year and to thank the Summerset team for all that they do in supporting our purpose and vision.

Thanks also to our shareholders for their support and trust in us as we work to continue to grow and build excellent retirement villages.

I will now hand over to Summerset's Chief Executive, Scott Scoullar.

**ENDS**

## **Summerset AGM 22 April 2025**

### **CEO'S ADDRESS – Scott Scoullar**

Thank you, Mark.

Tena koutou katoa, good afternoon everyone.

#### **Trading Performance**

As Mark mentioned, we are pleased with our performance in 2024 after one of the most difficult trading environments I've experienced in my career.

Throughout 2024, we navigated through inflation, weak consumer confidence, a softer property market, and rising costs.

Despite these challenges, we achieved our highest year of sales with 1,238 Occupation Right Agreements, and our diversified portfolio showed strength, with eight different regions seeing 30 or more sales.

Our underlying profit for 2024 was \$206.4 million, an increase of 8% on 2023. Operating cash flows increased by 11% to \$443.2 million, and the value of our investment property is now \$7.3 billion, up 14% on 2023. These results reflect our ability to navigate through tough economic conditions and continue to grow our business.

As well as delivering for shareholders we have continued to focus on making our villages a great place to live and for our people, we want to be an employer they want to stay with and grow their career.

It was a highlight for me to see resident satisfaction in our villages increase to 97% for both those living independently and those in care, and that our staff engagement remained high at 8.1 out of 10.

We have continued to see strong demand across the country, with high levels of enquiry from prospective residents. Even during economic downturns, our customers remain highly motivated to join our village communities for reasons beyond the property market, such as security, community, and health concerns.

This has continued into 2025 where we've seen strong sales in Q1 – with sales up 14% year-on-year.

#### **Growth**

Our broadacre build strategy has proven beneficial, allowing us to recycle cash effectively across our ongoing developments.

Our Australian development continues to progress, with our first residents moving into our Cranbourne North village, our second village at Chirnside Park under construction and work commencing at our third village in Torquay.

We have strengthened our development pipeline in New Zealand. We acquired three new sites for proposed villages at Belmont in Auckland, Mission Hills in Napier and Otaihanga in Kapiti, along with two extensions to existing villages at Boulcott in Lower Hutt and Blenheim in Marlborough. increasing our land bank by more than 1,100 new units.

Our proposed village at Masterton received consent, our proposed Mosgiel village is on the list of projects in the Government's Fast-track Approvals Act, and we are pleased to have recently received Fast-track approval for our Rotorua village.

These opportunities have strengthened our development pipeline and positioned us well for future growth.

### **Business Update**

The opening of our flagship St Johns village in Auckland was a major achievement for the business, delivering the first stage of a breathtaking village on time and on budget. The second and third stages are underway, with stage two to be completed this year. Once complete, the village will be home to approximately 450 residents.

St Johns village includes unique features to appeal to that resident audience including a café that turns into a bistro for evening dining, a chauffeur-driven vehicle and roles specific to the village including an executive chef and resident experience manager.

it's not just new villages that we're opening. To keep villages fresh and vibrant with amenities that meet the needs of our residents, we have also invested in our older villages, with the care centre refurbishments at our Havelock North and Trentham villages reopening soon and our Levin village's work is well underway.

We welcomed two new members to the Executive Team in 2024.

The importance of technology in Summerset's success going forward led us to elevate the Head of Group Technology role to report to the CEO directly, creating a Chief Digital Officer role. Rob Gillespie joined Summerset in October to take on this new role. Rob has over 30 years in senior tech roles and joined us from WSP where she was Chief Information and Operating Officer for nine years.

We also appointed Margaret Warrington as our new CFO. Margaret commenced with us in February this year, bringing many years' experience in CFO roles across the public and private sectors, joining us from NZX-listed company EROAD. Margaret was formerly Summerset's Head of Finance and brings a strong knowledge of the business and sector.

It's important to us to celebrate and recognise our people. In addition to our reward and recognition celebrations – monthly Surprise and Delight, and annual Frontliners Day and Applause Awards - we gave our people an extra day's paid leave in 2024. We wanted to acknowledge a challenging year and give our people some extra time for themselves.

In our villages we have continued to invest in resident events, opportunities and activities that contribute to the vibrancy and variety of village life.

During 2024 we expanded our Summerset Sessions programme which includes in-person and online courses from inspiring speakers, cooking with a Masterchef, quizzes, the Summerset Games and our best garden competition. We have further plans to increase our offering this year.

At future villages we will incorporate additional village amenities of interest to our residents such as pickleball and croquet courts and outdoor barbecue areas, wine cellars and other amenities. We have also installed our first indoor golf simulator at our Summerset Down the Lane village in Hamilton.

### **Aged care funding**

We're committed to providing high-quality care for our residents. We've invested heavily in this area and will continue to do so. However, underfunding in New Zealand remains a challenge. In 2024, Health New Zealand – Te Whatu Ora increased aged care funding by only 3.2%, while the New Zealand Aged Care Association estimated an 11% increase was needed.

To bridge this gap, we've made some changes. Our new care centres are smaller, housing around 30 residents compared to 50 in our older centres. This allows us to focus on our village residents and provide them with a continuum of care if their needs change. Consequently, we'll be accepting fewer care residents from the public health system.

We've also increased the number of care suites sold under Occupation Right Agreements providing greater financial certainty for both Summerset and our residents. This change has been well-received, and we've seen a steady increase in the number of care suites sold under ORAs.

While these changes have made our model more sustainable, we've made it known that we're considering further adjustments. Currently, we take many care resident referrals from public health, but the funding we receive is insufficient to provide quality aged care services. We're reviewing our policies and may focus our limited funding and staff resources solely on our village residents. This could mean no longer accepting referrals from the public health system.

We don't want to take this step, but we can't overstretch our staff. We understand this will place a greater burden on the public health system, but we can't continue to bear the strain. We'll keep supporting the NZACA's efforts to highlight the underfunding of aged care in New Zealand and its consequences.

Although we're not yet offering care in Australia, we plan to start in 2026. The funding environment there is more favourable, with federal lawmakers approving a significant boost in aged care funding in 2024.

### **Closing**

We've had a pleasing start to 2025 and are on track to deliver 650-730 homes across New Zealand and Australia. We're seeing signs of more confidence in the market, and while its early days we hope to see that continue throughout the year.

In closing, I'd like to echo Mark's note of thanks to our investors and residents, and also to our Summerset team, their families and support networks for delivering us another very successful year.

Thank you, I will now hand back to Mark.

### **Ends**





# CEO Speech

Scott Scoullar

**Summerset**



# Trading performance

2024 Business Performance

Update on staff engagement  
and customer satisfaction

2025 current trading  
conditions observations



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# Growth

- Australia update
- New Zealand land purchased
- Consenting update

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# Business update

- For personal use only
- St Johns opening
  - Care centre refurbishments
  - New Executive team members
  - Staffing update
  - New designs & amenity



# Aged care funding

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- Aged care funding/profitability

- Strategic review of care offering

- Offering size/mix







Thank you