

NZX & ASX RELEASE

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MARKET UPDATE: SUMMERSET IN SOUND POSITION FOR COVID-19 PANDEMIC

Summerset Group Holdings Limited is providing this market update following the Prime Minister's latest update over the weekend on COVID-19. In this update we outline our preparation and activities resulting from the COVID-19 pandemic, including our financial and business position.

As one of New Zealand's largest retirement village operators and aged care providers, our primary focus and responsibility is to protect our residents, staff, and their respective families.

Summerset has well-established infection prevention and control practices in place and staff who have been trained in these practices.

We have no cases of COVID-19 coronavirus to date in our retirement villages or care centres.

Summerset has scaled up pandemic preparations and processes since January. Our COVID-19 response team has been meeting regularly since this time and has put in place a number of preventative measures. At the current point in time these include:

- Only essential visitors are being permitted into our care centres and serviced apartments in order to maintain the safety of our most vulnerable residents
- Restricted access to visitors entering the village
- Mandatory screening and declaration processes are in place
- All Summerset villages have automatic gates on all road and pedestrian entrances, providing robust security and protection
- Posting of security staff and closure of physical gates to restrict and screen visitors
- Increased staffing levels are being implemented across our care facilities to ensure high quality care is maintained
- Extra cleaning regimes are in place at all villages and care centres
- Additional infection control supplies have been secured over and above normal levels of supply
- Hygiene and physical distancing are being promoted to staff and residents
- All Summerset organised events such as happy hours and exercise programmes have been cancelled until further notice to avoid large gatherings. We are actively developing other ways of supporting activity and social connection for our residents to ensure they do not feel isolated
- Sales enquiries are restricted to appointment only, noting we are still seeing sales continue.

Our COVID-19 response team will continue to meet and ensure we appropriately prepare for any future increases in the Government announced alert level system.

In terms of Summerset's financial stability, we have a strong balance sheet able to sustain a prolonged COVID-19 scenario.

Summerset's debt funding comprises \$225 million of retail bonds and a bank facility of \$750 million. There is currently close to \$400m of unutilised capacity available through the bank facility to assist management of operational and investment cashflows. Our bank facilities have a well-diversified tenor with the earliest facility maturing in 2022. At the 31 December 2019 balance date the loan to value ratio was 35.9% compared to the covenant limit of 50%.

We have one multi-storey apartment block due for completion this year and all other development expenditure is on broadacre sites with construction of single level villas and a two-to-three level main building. Construction of villas typically involves staged construction contracts of three to six months in duration. This enables us to respond quickly to changes in customer demand and actively control our investment cashflow.

On a regular basis we are monitoring our build programme, capital investment levels and settlement rates for new sales. We have a number of options to reduce or slow capital investment if required. We will be making decisions as appropriate throughout the year.

Details on our response to COVID-19 are updated regularly on our website, summerset.co.nz/about-us/covid-19/

Summerset's next regular quarterly sales market update will be available by 9 April 2020.

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ABOUT SUMMERSET

- Summerset is one of the leading operators and developers of retirement villages in New Zealand, with 31 villages completed or in development across the country. In addition, Summerset has eight sites for development in Milldale (Auckland), Parnell (Auckland), Prebbleton (Canterbury), Rangiora (Canterbury), Waikanae (Kapiti Coast), Blenheim (Marlborough), Cambridge (Waikato) and Lower Hutt (Wellington), plus two properties in Victoria, Australia, bringing the total number of sites to 41.
- It provides a range of living options and care services to more than 5,500 residents.
- The Summerset Group has villages in Aotea, Avonhead, Bell Block, Casebrook, Dunedin, Ellerslie, Hamilton, Hastings, Havelock North, Hobsonville, Karaka, Katikati, Kenepuru, Levin, Manukau, Napier, Nelson, New Plymouth, Palmerston North, Papamoa Beach, Paraparaumu, Richmond, Rototuna, St Johns, Taupo, Te Awa, Trentham, Wanganui, Warkworth, Whangarei and Wigram.