



Notice of Annual Meeting of Shareholders 2019



Notice of Annual Meeting of Shareholders

21 March 2019

Dear Shareholder

We invite you to join us for the Annual Meeting of Shareholders of Summerset Group Holdings Limited ("Summerset"), to be held at:

Where: The Makaro Room at Te Raukura, Odilins Square, Taranaki Street Wharf, Wellington

When: Tuesday 30 April 2019 at 1.00 p.m. (New Zealand time)

Summerset CEO, Julian Cook and I will talk about Summerset's performance during the 2018 financial year and our plans for 2019. Questions from the floor will be invited, and you are welcome to join members of the Board and management for light refreshments after business has concluded.

If you cannot attend, I encourage you to complete and lodge the proxy form in accordance with the instructions on the back so that it reaches Link Market Services by 1.00pm (NZT) on Sunday 28 April 2019.

If you are attending the meeting, please bring your proxy form/admission card to the meeting to assist with your registration on the day.

Items of Business:

- A. Chairman's address;
- B. Chief Executive Officer's address;
- C. Ordinary resolutions;
- D. Special resolutions;
- E. General business and shareholder discussion.

Resolutions:

To consider, and if thought fit, to pass the following ordinary resolutions:

- 1. That the Board is authorised to fix the auditors' remuneration;
- 2. Having retired, that Anne Urlwin be re-elected as a Director of Summerset;
- 3. Having retired, that Gráinne Troute be re-elected as a Director of Summerset; and
- 4. That with effect from 1 May 2019, the maximum aggregate amount of remuneration payable by Summerset to Directors (in their capacity as Directors) be increased by \$100,000 per annum and any GST payable on these fees, from \$650,000 per annum to \$750,000 per annum (plus GST, if any).

To consider, and if thought fit, to pass the following special resolution:

- 5. That the amendments to the company's constitution as set out in the Schedule of the Notice of Annual Meeting of Shareholders be approved, with effect from the close of the Annual Meeting of Shareholders.

Further information relating to these resolutions is set out in the Explanatory Notes accompanying this Notice of Meeting. Please read and consider the resolutions together with the Explanatory Notes.

I look forward to seeing you at the Annual Meeting and thank you for your ongoing support.

By order of the Board.



Rob Campbell

Chairman

21 March 2019

Explanatory Notes

Ordinary Resolution 1

Pursuant to the Companies Act 1993, Ernst & Young are automatically reappointed at the Annual Meeting as auditors of Summerset. The proposed resolution is to authorise the Directors to fix the remuneration of the auditors, Ernst & Young.

Ordinary Resolutions 2 and 3: Re-election of Directors

Pursuant to NZX Listing Rule 2.7.1, a Director must not hold office (without re-election) past the third Annual Meeting following the Director's appointment or 3 years, whichever is longer.

Anne Urlwin retires in accordance with NZX Listing Rule 2.7.1 and offers herself for re-election. The Board has determined that Anne qualifies as an Independent Director and unanimously supports her re-election.

Gráinne Troute also chooses to retire and offers herself for re-election. This choice has been made in order to balance the number of Directors who will retire in accordance with NZX Listing Rule 2.7.1 in future years. The Board has determined that Gráinne qualifies as an Independent Director and unanimously supports her re-election.

Anne Urlwin

Non-executive Director
Independent
(BCom, FCA, CFInstD,
MAICD, ACIS, FNZIM)



Term of Office: Appointed Director on 1 March 2014, re-appointed Director on 29 April 2016

Board Committees: Development and Construction Committee (Chair), Audit Committee, Clinical Governance Committee, and Nomination and Remuneration Committee

Anne brings to the Summerset Board her skills as a professional Director with experience in the relevant sectors of construction, health and regulation.

She is a former Chairman of national commercial construction group Naylor Love, and is currently Deputy Chairman of Southern Response Earthquake Services Ltd, whose insurance claim settlement activities include residential construction. She is a former Chairman of the New Zealand Blood Service and of regulatory services company Lakes Environmental Ltd.

She is a director of Steel & Tube Holdings Ltd, and is experienced in major project delivery, with a key focus on commercial contracting and health and safety, through her current director roles with Chorus Ltd, City Rail Link Ltd and Tilt Renewables Ltd.

Anne is a Chartered Accountant and chairs Summerset's Development and Construction Committee.

Gráinne Troute

Non-executive Director
Independent
(GradDipBusStuds,
CMinstD)



Term of Office: Appointed Director on 1 September 2016, re-appointed Director on 27 April 2017

Board Committees: Nomination and Remuneration Committee (Chair), Audit Committee, Clinical Governance Committee

Gráinne is Chair of Summerset's Nomination and Remuneration Committee. She is a Chartered Member of the Institute of Directors and is also a director of Tourism Holdings Ltd, Evolve Education Group Ltd and Investore Property Ltd.

Gráinne is a professional Director with many years' experience in senior executive roles. She was General Manager, Corporate Services at SKYCITY Entertainment Group and Managing Director of McDonald's Restaurants (NZ) Ltd. She also held senior management roles with Coopers and Lybrand (now PwC) and HR Consultancy Right Management.

Gráinne has vast expertise in operating customer-focused businesses in highly competitive sectors. She has also spent many years as a trustee and Chair in the not-for-profit sector, including having been the Chair of Ronald McDonald House Charities New Zealand for five years.

Ordinary Resolution 4: Increase in the Fee Pool of Directors' Fees

The Board recommends to shareholders that the maximum annual Directors' remuneration payable to all Directors of Summerset taken together ("fee pool") be increased from the current level of \$650,000 to \$750,000 (plus GST, if any). This reflects a total increase of \$100,000 to the current approved fee pool plus any GST payable on the fee pool.

In 2018, total standard Directors' fees were \$602,500. The current standard Directors' fees per annum are:

| | |
|---|-----------|
| • Chair | \$165,000 |
| • Non-executive Director | \$80,000 |
| • Chair of Audit Committee | \$15,000 |
| • Chair of Clinical Governance Committee | \$7,500 |
| • Chair of Nomination & Remuneration Committee | \$7,500 |
| • Chair of Development & Construction Committee | \$7,500 |

In addition to standard Directors' fees in 2018, \$24,750 was also paid for additional responsibilities above and beyond the normal duties of the Board or any standard Committee, bringing the total Directors' fees paid in 2018 to \$627,250. These fees related to due diligence work for the issue of retail bonds in September 2018 and potential expansion of operations into Australia.

Other than the fees payable to the Chair of each Committee, no other fees are payable to Directors for membership of a standard Committee. The standard Directors' fees have remained unchanged over the last five years.

In making this recommendation, the Board has considered a report prepared by PwC for the Nomination & Remuneration Committee. The purpose of this report was to benchmark the fees paid to Summerset's Directors against a peer group of NZX-listed companies selected on the basis of comparable market capitalisation. In accordance with the commentary to Recommendation 5.2 of the NZX Corporate Governance Code a summary of this report is available on Summerset's investor website at www.summerset.co.nz/directorsfeesummary

The proposed standard Directors' fees per annum effective from 1 May 2019 are as follows:

| | |
|---|-----------|
| • Chair | \$180,000 |
| • Non-executive Director | \$90,000 |
| • Chair of Audit Committee | \$18,000 |
| • Chair of Clinical Governance Committee | \$15,000 |
| • Chair of Nomination & Remuneration Committee | \$7,500* |
| • Chair of Development & Construction Committee | \$7,500* |

* No change

In addition to providing for these increases, the proposed change to the fee pool, if approved, will also allow for the Board to approve payments to Directors for assuming additional responsibilities above and beyond the normal duties of either the Board or any standard Committee. These payments will only be approved in the event of commitments such as significant strategic work or projects.

Additional Director(s) may be appointed during 2019 to facilitate Board succession planning. Pursuant to NZX Listing Rule 2.11.3, in the event that Summerset increases the total number of Directors, the Board may increase the total remuneration payable to Directors by such amount as is necessary to enable the company to pay the additional Director or Directors' remuneration not exceeding the average amount payable to each of the other non-Executive Directors (other than the Chairperson).

Summerset will disregard any votes on Ordinary Resolution 4 by:

1. any Director of Summerset; and
2. any Associated Person of any Director of Summerset,

except where any such vote is cast by the Director or one of his or her associates as proxy for a person who is entitled to vote and the Director or that associate votes in accordance with express instructions to vote for or against a particular resolution on the proxy form.

Special Resolution 5: Amendments to Constitution

On 1 January 2019, an amended version of the NZX Listing Rules (2019 Listing Rules) took effect with a six month transition period. A class waiver was also issued by NZX, providing that issuers may defer updating their constitution to comply with the 2019 Listing Rules, provided they do so at their next Annual Meeting (or Special Meeting called by the Board) following transition to the 2019 Listing Rules.

Summerset will adopt the 2019 Listing Rules on 1 April 2019 and now proposes to amend its constitution to ensure compliance with the 2019 Listing Rules. The proposed amendments are set out in the Schedule to this Notice of Meeting.

The effect of the proposed amendments is to:

- permit any act or omission by the Company in compliance with any ruling granted by NZX, including where that act or omission would otherwise have breached the constitution;
- change the record date (on which the Board may determine the registered shareholders entitled to vote at a meeting) from a date not more than 20 working days before the meeting to a date not more than 2 working days before the meeting. This change has been made for consistency with market practice;
- allow for share parcels of less than a minimum holding to be sold on market (including through a broker on behalf of Summerset), rather than through NZX or in some other manner approved by NZX;
- require a minimum of two independent directors (as required by the 2019 Listing Rules) and remove the requirement for additional independent directors where there are eight or more directors;
- replace the existing director rotation requirements with a requirement for directors to retire when required to do so by the 2019 Listing Rules, which require directors to retire (with an ability to stand for re-election) after three years or the third annual meeting following their appointment, whichever is longer;
- remove the provisions relating to Managing Directors (for consistency with the 2019 Listing Rules);
- remove the requirement to have the auditor act as scrutineer of votes taken by poll, given Summerset's share registrar already performs this role;
- make it clear that meetings of shareholders may be conducted through a combination of a physical meeting and electronic means, and that shareholders and their proxies may participate through electronic means; and
- make it clear that a shareholder may appoint more than one proxy.

A full copy of the company's constitution is available upon request to the Company Secretary, Level 27, 100 Willis Street, Wellington, New Zealand.

The 2019 Listing Rules are available on the NZX website at

www.nzx.com/regulation/nzx-rules-guidance/main-board-debt-market-rules

The proposed changes to Summerset's constitution do not impose or remove a restriction on the activities of Summerset, and accordingly no rights arise under section 110 of the Companies Act 1993.

Schedule

Amendments to the constitution of Summerset Group Holdings Limited

1. Delete clause 4 in its entirety and replace with the following:
 - 4. Company must comply with NZX Listing Rules while Listed by NZX**

For so long as the Company is Listed by NZX, the Company must comply with the NZX Listing Rules. If:

 - 4.1 NZX has granted a ruling in relation to the Company authorising any act or omission which would otherwise be in breach of this constitution that act or omission will, unless a contrary intention appears in this constitution, be deemed to be authorised by this constitution; and*
 - 4.2 subject to clause 4.1, if this constitution contains any provision inconsistent with the NZX Listing Rules then the NZX Listing Rules prevail.*
2. At clause 11, delete the words “20 working days” and replace with “2 working days”.
3. At clause 11, delete the words “, or, if there are eight or more Directors, three or one-third (rounded down to the nearest whole number of Directors) of the total number of Directors, whichever is the greater”.
4. At clause 14.1, delete the words “through NZX or in some other manner approved by NZX” and replace with the words “on market (including through a broker on behalf of the Company)”.
5. Delete clause 14.2 and replace with a new clause 14.2 as follows:
 - 14.2 The Board may authorise the transfer of the Shares sold by the Company under this clause 14, and the Shareholder is deemed to have authorised the Company to act on behalf of the Shareholder and to sign all necessary documents relating to the sale. The purchaser of Shares sold by the Company under this clause 14 shall have no obligation to ensure the proceeds of the sale of those Shares is applied in accordance with this clause 14, nor shall the title to the Shares be affected by any irregularity or invalidity in the procedures under this constitution relating to the sale. The remedy of any person aggrieved by the sale is in damages only and against the Company exclusively.*
6. At clause 24.5, delete the words “Rule 3.3.3” and replace with the words “Rule 2.6”.
7. At clause 25.1 insert the words “and other requirements” after the words “time limits”.
8. At clause 25.2, delete the words “, but must not be taken into account in determining the Directors who are to retire by rotation at that meeting”.
9. At clause 25.3, delete the words “Directors expected to hold office” and replace them with the words “Directors that will hold office”.
10. At clause 25.4 delete the words “clause 26.3” and replace them with the words “clause 25.3”.
11. Delete clauses 26.1 and 26.2 and replace them with a new clause 26.1 as follows (renumbering subsequent clauses accordingly):
 - 26.1 Each Director shall retire from office when required to do so by the Rules, but, subject to the Rules, shall be eligible for re-election (including at any meeting at which the Director retires).*
12. At clause 26.2 (as renumbered) delete the words “A retiring Director” and replace them with the words “A Director retiring at a meeting of security holders”.
13. Delete clauses 40 to 44 inclusive, renumbering subsequent clauses accordingly.
14. At clause 40 (as renumbered) delete the words “general meeting of the Company” and replace them with the words “meeting of the Company’s Shareholders”.
15. Delete clause 8 of Schedule 2 and replace it with a new clause 8 as follows:
 - 8. Methods of holding meetings**

A meeting of Shareholders may be held by a quorum of the Shareholders:

 - 8.1 being assembled together at the time and the place appointed for the meeting; or*
 - 8.2 by means of audio, audio and visual, or electronic communication; or*
 - 8.2 a combination of both the methods described in clauses 8.1 and 8.2 above.*

The Company is not required to hold meetings of Shareholders in the manner specified in clause 8.2 or 8.3. Meetings will be held in that manner only if the notice of meeting so specifies or the Board otherwise decides that the Company should do so. To avoid doubt, a shareholder

participating in a meeting by means of audio, audio and visual, or electronic communication is present at the meeting and part of the quorum.

16. Delete clause 31 of Schedule 2 in its entirety, renumbering subsequent clauses accordingly.
17. At clause 34 of Schedule 2 (as renumbered), renumber the text as clause 34.1 and insert the words “, or in the case of an electronic notice sent,” after the word “signed”.
18. Insert a new clause 34.2 of Schedule 2 immediately after clause 34.1 as follows:

34.2 A Shareholder may appoint more than one proxy for a particular meeting, provided that more than one proxy is not appointed to exercise the rights attached to a particular Share held by the Shareholder.
19. Insert a new clause 41 of Schedule 2 as follows, immediately after clause 40, renumbering subsequent clauses accordingly:

41. Shareholder participation by electronic means

- 41.1 For the purposes of this schedule, a Shareholder, or the Shareholder’s proxy or representative, may participate in a meeting by means of audio, audio and visual, or electronic communication if:*
 - a. the Board approves those means; and*
 - b. the Shareholder, proxy, or representative complies with any conditions imposed by the Board in relation to the use of those means (including for example, conditions relating to the identity of the Shareholder, proxy, or representative and that persons approval or authentication (including electronic authentication) of the information communicated by electronic means).*
- 41.2 To avoid doubt, participation in a meeting includes participation in any manner specified in this schedule or permitted by the constitution.*

Important Information

Proxies

Any shareholder who is entitled to attend and vote at the Annual Meeting may appoint a proxy, who need not be a shareholder, to attend and vote instead of him or her by completing and returning the enclosed proxy form. If you appoint a proxy you may either direct your proxy how to vote for you or you may give your proxy discretion to vote as he/she sees fit. If you wish to give your proxy discretion then you must mark the appropriate boxes on the form to grant your proxy that discretion. If you do not tick any box for a particular resolution, then your instruction will be to abstain.

Shareholders can elect to vote their proxies on-line by visiting vote.linkmarketservices.com/SUM or by scanning the QR code on the Proxy Form with your smartphone.

NZX Register holders: You will need to enter your CSN/Holder Number and Authorisation Code (FIN) to securely complete your proxy appointment.

ASX Register holders: You will need to enter your Holder Number and postcode to securely complete your proxy appointment.

If you wish to mail the proxy form then please send it to our share registry, Link Market Services Limited, using the freepost envelope incorporated into the form. Alternatively you can scan and email the completed proxy form to meetings@linkmarketservices.co.nz (please put the words *Summerset Proxy Form* in the subject line for easy identification), or New Zealand-based shareholders may fax the form to (09) 375 5990 and overseas shareholders may fax it to +64 9 375 5990.

The completed proxy form must be received by the share registry no later than 1.00 p.m. (New Zealand time) on Sunday 28 April 2019. Any proxy form received after that time will not be valid for the scheduled meeting.

Ordinary Resolution

An ordinary resolution is one passed by a simple majority of votes from shareholders entitled to vote and voting on the resolution.

Special Resolution

A special resolution is one passed by 75% or more of the votes from shareholders entitled to vote and voting on the resolution.

Voting

Voting entitlements for the Annual Meeting will be determined as at 5.00 p.m. (New Zealand time) on Friday 26 April 2019. Registered shareholders at that time will be the only persons entitled to vote at the Annual Meeting and only the shares registered in those shareholders' names at that time may be voted at the Annual Meeting.

The Chairman will require voting at the Annual Meeting to be conducted by poll, as required by the 2019 Listing Rules.

More information

If you have any questions, or for more information, please contact Summerset's Company Secretary, Leanne Walker, on (04) 894 7361.