



**Working hard for investors
and helping families into homes.**

Agenda

Simplicity - why, how, what?

Our housing crisis - and how to help

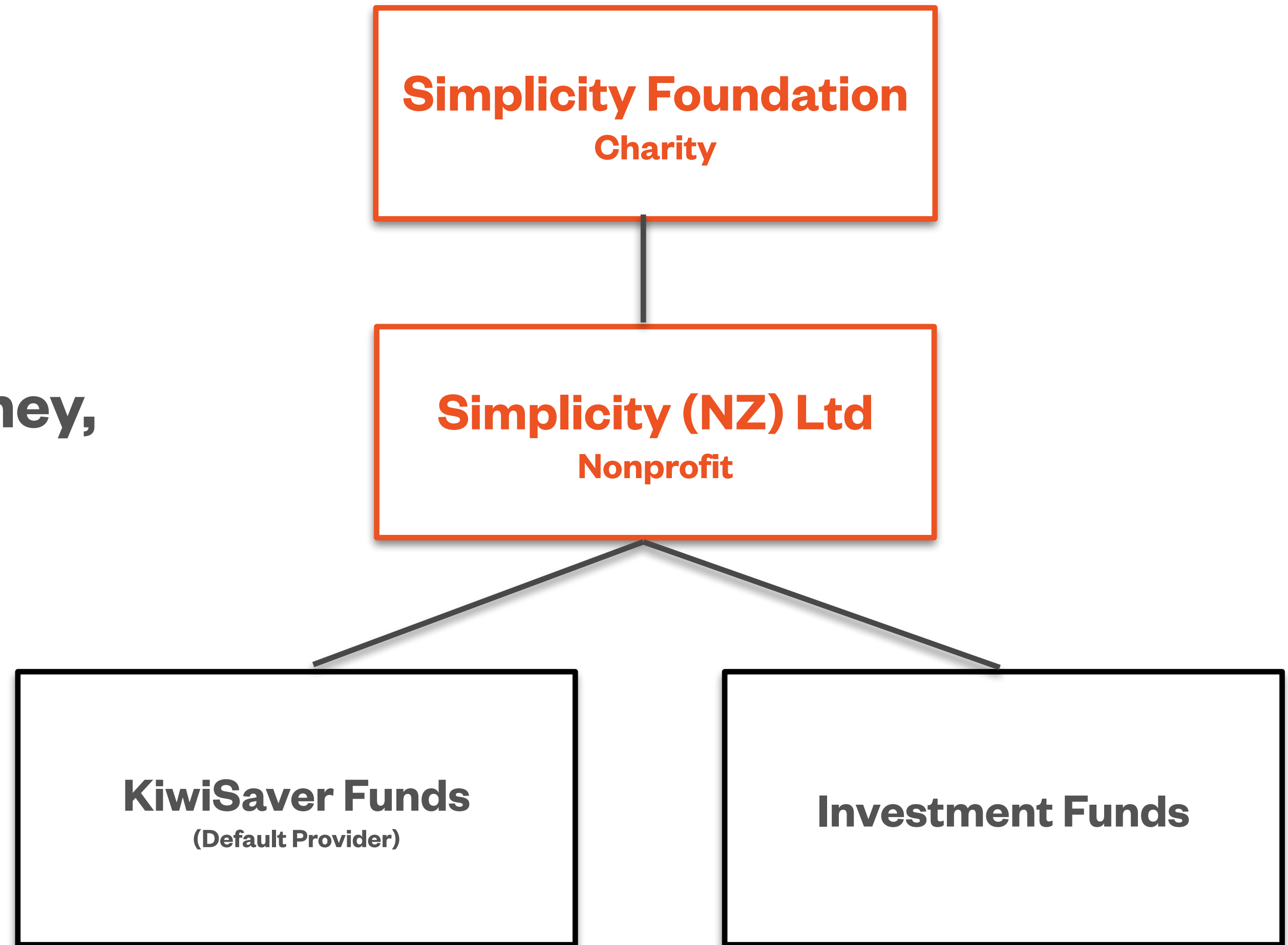
A New Deal - **Simplicity Homes and Income Fund**

Risks and rewards

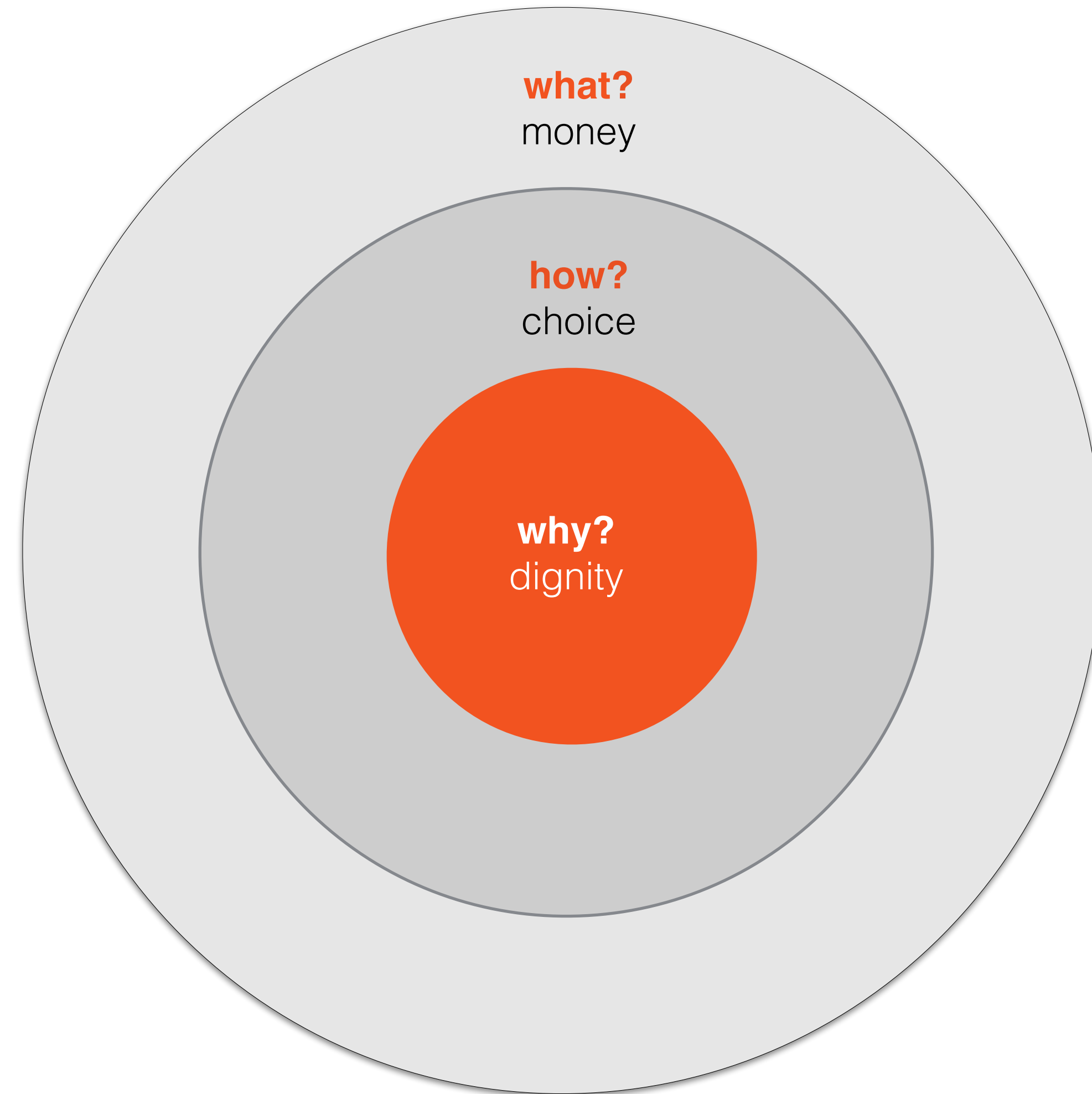
Questions

Simplicity

- **Started 7 years ago.**
- **Modelled on Southern Cross.**
- **Founded to make members money, and do good.**
- **Default KiwiSaver manager.**



Simplicity - why, how, what?



Our numbers



For all Simplicity KiwiSaver Funds and non KiwiSaver funds as at 20/11/2023

146,921
Members

Simplicity launched in September 2016, and we haven't looked back since. We're one of NZ's fastest growing KiwiSaver managers*, and our Investment Funds are very popular too.



\$6,943,044
Charitable Donations So Far

15% of our fees go to the Simplicity Foundation. As we grow, our donations will too.



\$406
Annual Fees Saved Per Member*

Based on \$50,000 in the Simplicity KiwiSaver Growth Fund vs. the industry average fee. We're focused on making money for members, not from them.



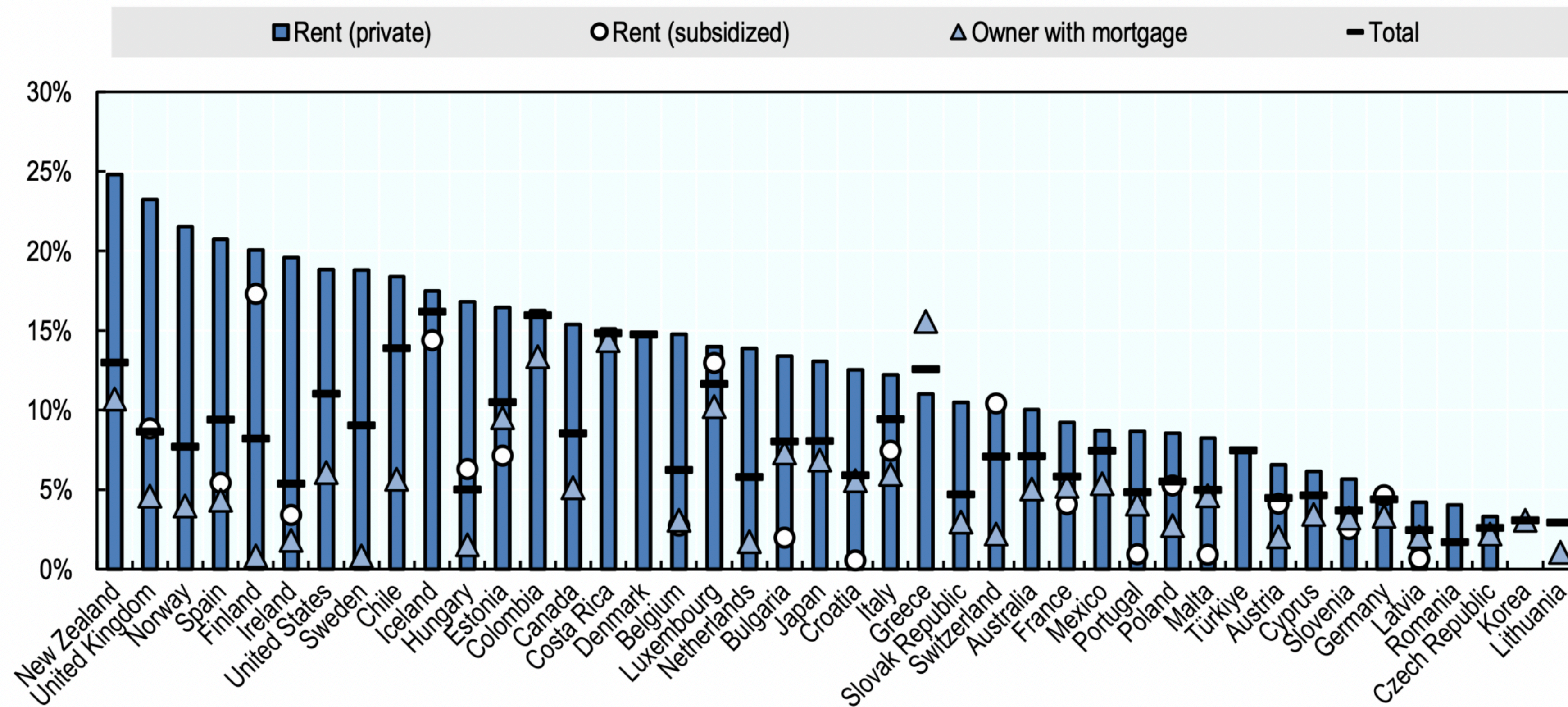
\$5,413,861,735
Funds Under Management

Our KiwiSaver and Investment Funds are growing fast and it's nearly all via word of mouth %)

As at 30th Sept, 2023

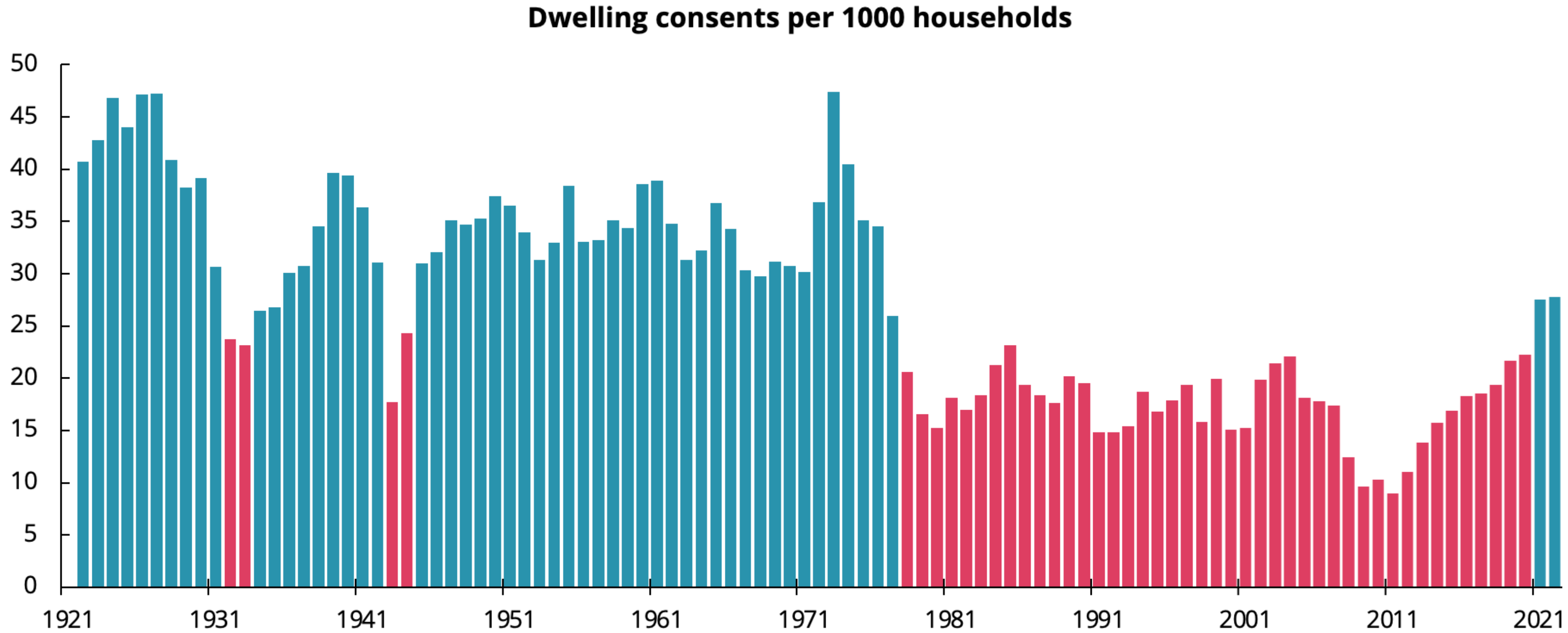
The problem

Share of population spending more than 40% of disposable income on mortgage and rent, by tenure, in percent, 2020 or latest year ^{1 2 3}



Source - The Kaka, Bernard Hickey

Decades of under-building



Source: Statistics NZ, Sense Partners

It's time for
A New Deal

**Which works harder for investors
and helps families into homes.**

What we've started doing

Building homes for long term rent.

Providing low cost 1st home mortgages.

Funding community homes.

We've made a good start

159 homes built and rented by Simplicity Living

901 in build/development

300 1st Home mortgages loaned

144 Community homes funded

1,504 homes in 3 years.

Build-To-Rent homes

Progress so far

159 + **345** + **556** = **1,060**

Built and rented **In construction** **In development** **Total**

\$122m

Invested

- Homes built, owned and operated by **Simplicity Living Limited (100% owned by Simplicity Wholesale Property Fund)**.
- **Built for 100+ years.**
- **Long-term rents.**
- **Investor returns via rents, capital appreciation and development profits.**
- **Building at 35% below normal market costs.**



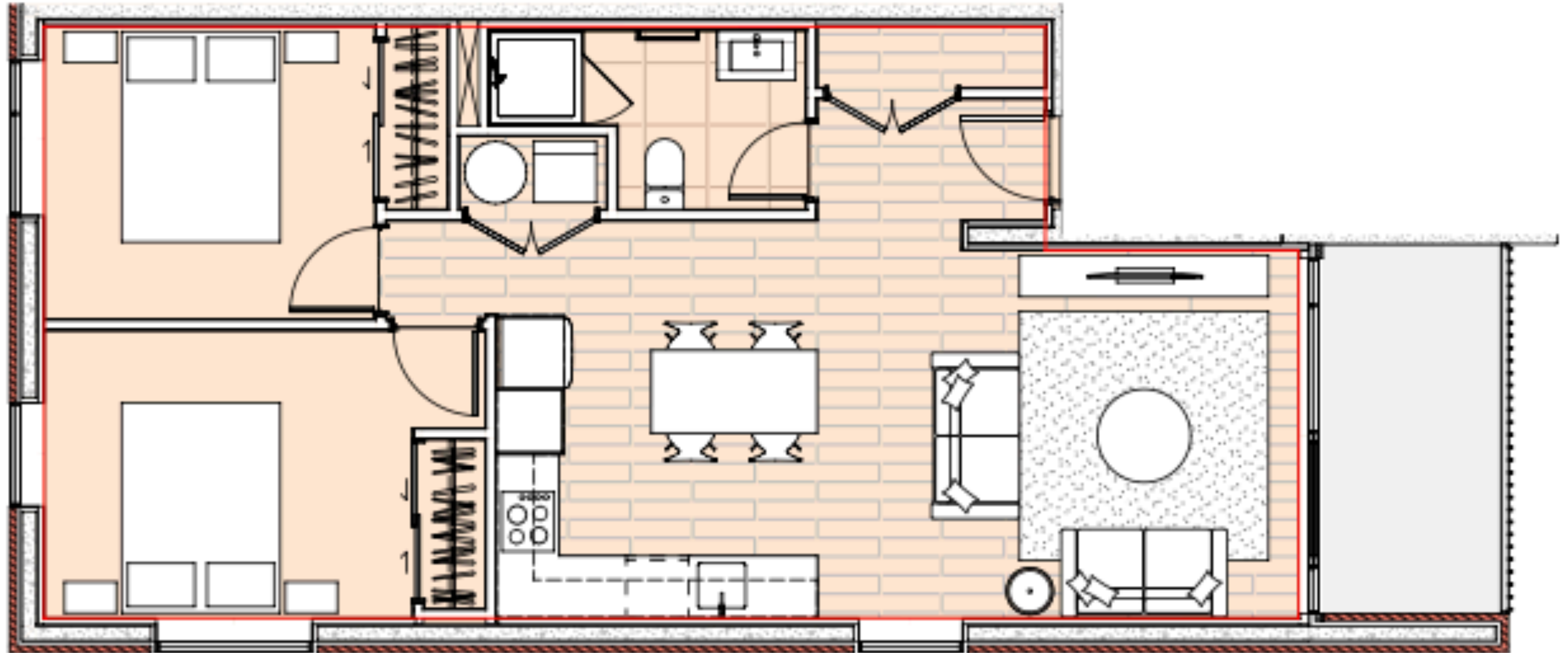
Warm, dry homes, and a strongly performing business



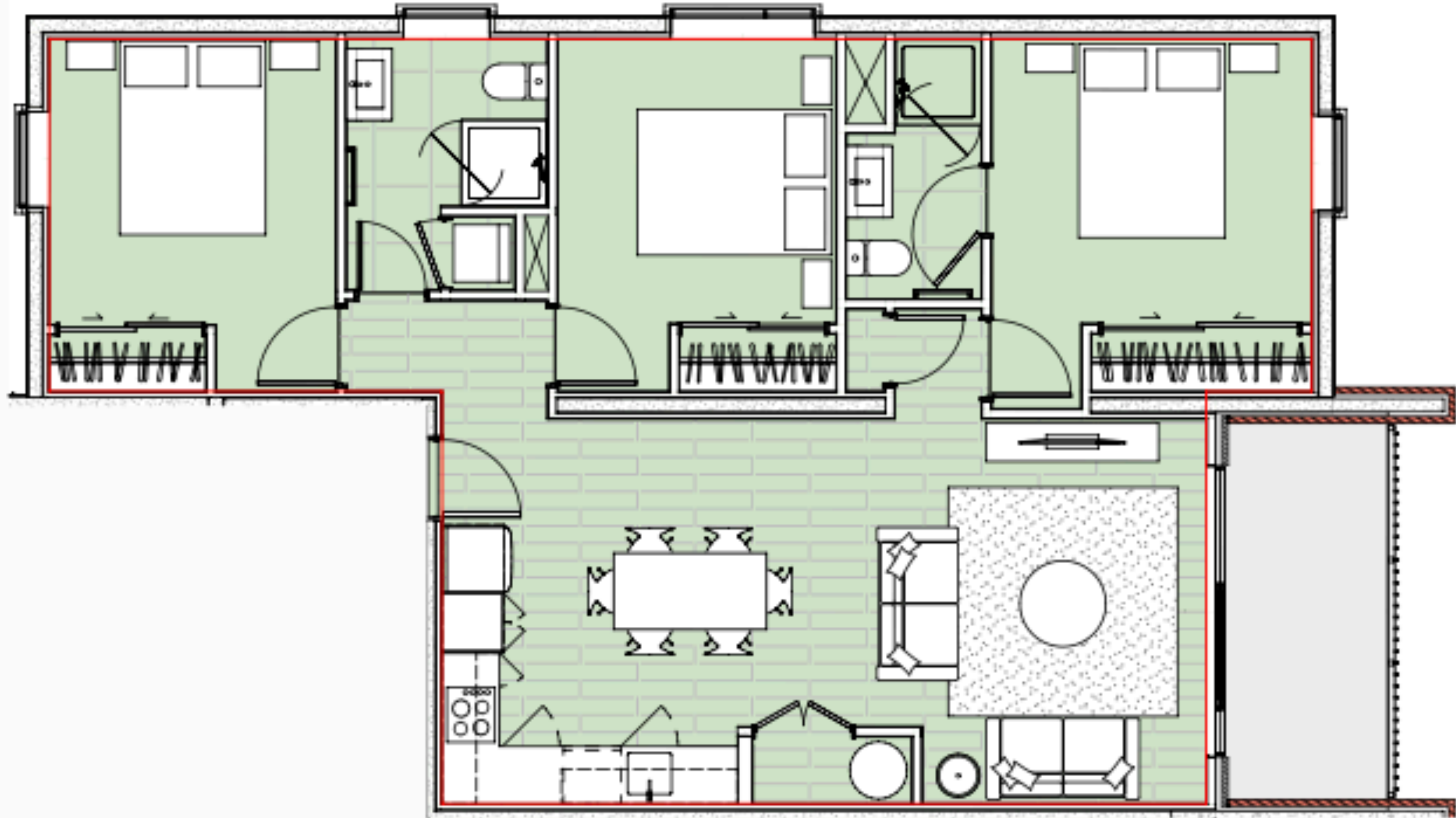
Simplicity Living



Simplicity Living



Simplicity Living



Simplicity Living



Simplicity Living



First Home Loans

Progress so far

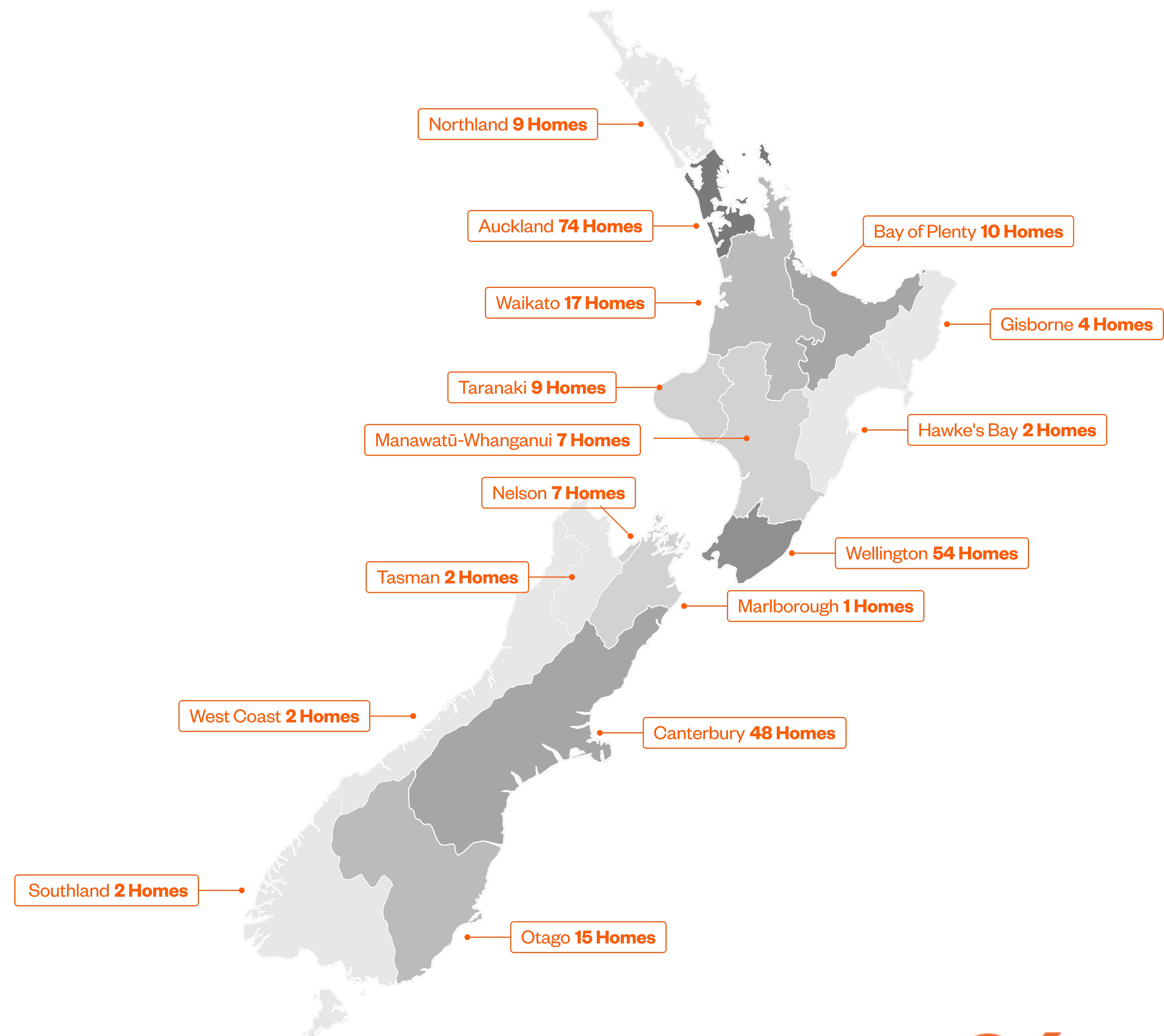
278

1st home mortgages

\$142m

Invested

- Average of 65% Loan to Value ratio.
- No defaults in 3 years.
- Current floating rate 6.4%



Lower rates for 1st home buyers, and above benchmark returns



As at 30th Sept, 2023

Community Housing

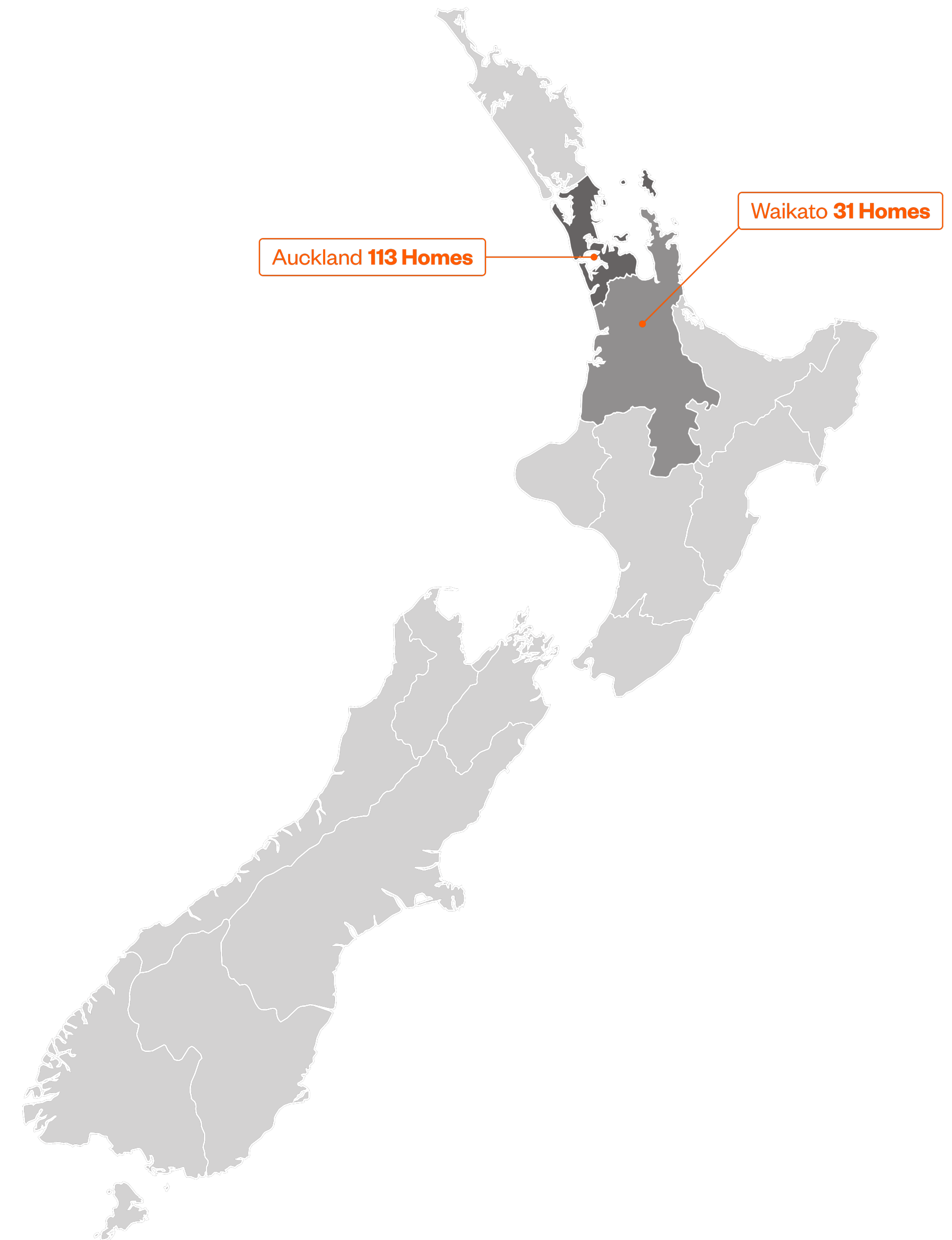
Progress so far

144 **\$40m**

Homes funded

Invested

- Bonds are issued by Community Finance Ltd and are backed by 1st Home Mortgages.
- Typically pay 1% over NZ 90 day Bank Bill rate (@6.5%)
- Average Loan To Value ratio 65%.



Funding Community housing, and above benchmark returns



We've made a good start

159 homes built and rented by Simplicity Living

901 in build/development

300 1st Home mortgages loaned

144 Community homes funded

1,504 homes in 3 years.

Our goal

10,000 homes built and rented by Simplicity Living.

10,000 low cost 1st Home Mortgages provided.

5,000 Community Homes funded.

25,000 homes in the next 10-15 years.

And aim for higher long term returns than investors get in term deposits.

Here's how...



Simplicity

Homes and Income Fund

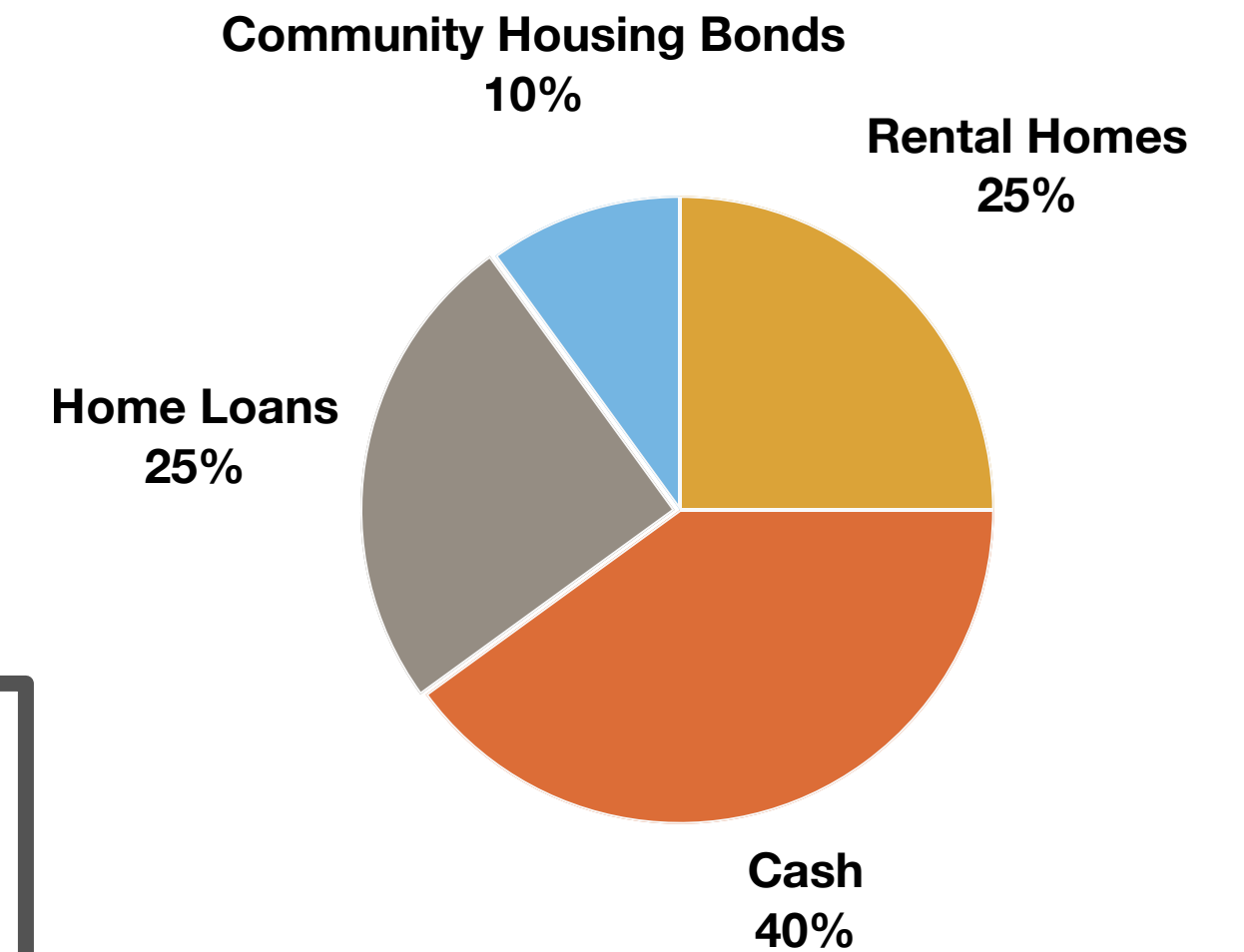
**Working harder for investors
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How the fund works

Investors

Full access to
your money

Homes and Income Fund



Simplicity Property Fund (25%)

- Wholesale fund with investment from KiwiSaver and Investment funds.
- Owns 100% of shares in Simplicity Living Limited, which change in value as SLL realises development profits, rent, and capital appreciation.

Simplicity First Home Mortgage Fund (25%)

- Wholesale fund with investment from KiwiSaver and Investment funds.
- Holds all mortgage loans and receives cashflows from them.

Community Housing Bonds (10%)

- Invests directly into Community Housing bonds.
- Secured by first mortgages
- Competitive yield

Simplicity Cash Fund (40%)

- Wholesale fund with investment from KiwiSaver and Investment funds.

What are the fees and how can I access my money?

- **0.29% per annum, like all our diversified investment funds.**
- **No other fees.**
- **Full access to your money at any time.**
- **Can set up regular withdrawals.**

Is this different from term deposits?

- **Yes. This is a managed investment fund, not a term deposit.**
- **There is no fixed rate of return, or capital guarantee. The fund doesn't distribute income.**
- **The fund will go up and down in value as the investments rise and fall in value.**
- **The fund is valued daily, and you have access to all your money at any time, including regular withdrawals.**

What are some of the risks?

- **House prices could fall, impacting the value of properties owned by Simplicity Living, and in turn the value of Simplicity Living shares.**
- **Properties being developed by Simplicity Living could be worth less than they cost to build, impacting the value of Simplicity Living's shares.**
- **Borrowers could default on (not repay) mortgage loans.**
- **Community Housing providers could default on (not repay) bonds.**
- **A large proportion of members could withdraw from the fund in a short period, causing us to close the fund and halt withdrawals until underlying investments of the fund can be sold or liquidity improves.**

What investors does the fund suit?

- **Investors wanting a fund with broad exposure to residential property.**
- **Investors wanting to provide funding for 1st home buyers and increase the number of rental homes and community houses in NZ.**
- **Investors happy to receive some gains and losses via property re-valuations and development margins.**
- **Investors wanting to pay low fees.**

What could the returns be like?

- **We cannot accurately predict fund returns.**
- **We are aiming for long returns which are 1% higher than the Bloomberg NZ Bond Bank Bill Index (cash, mortgages, community housing bonds) and the New Zealand House Price Index (Simplicity Living).**
- **We think in the long term the returns (after fees) will exceed average term deposit rates.**
- **For more information see our latest Investment Funds Product Disclosure Statement and Statement of Investment Policy and Objectives (SIPO)**

How to invest

See our **Homes and Income Fund** at **Simplicity.Kiwi**

Via our **KiwiSaver** and **diversified Investment Funds**.

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Risks and rewards

Questions



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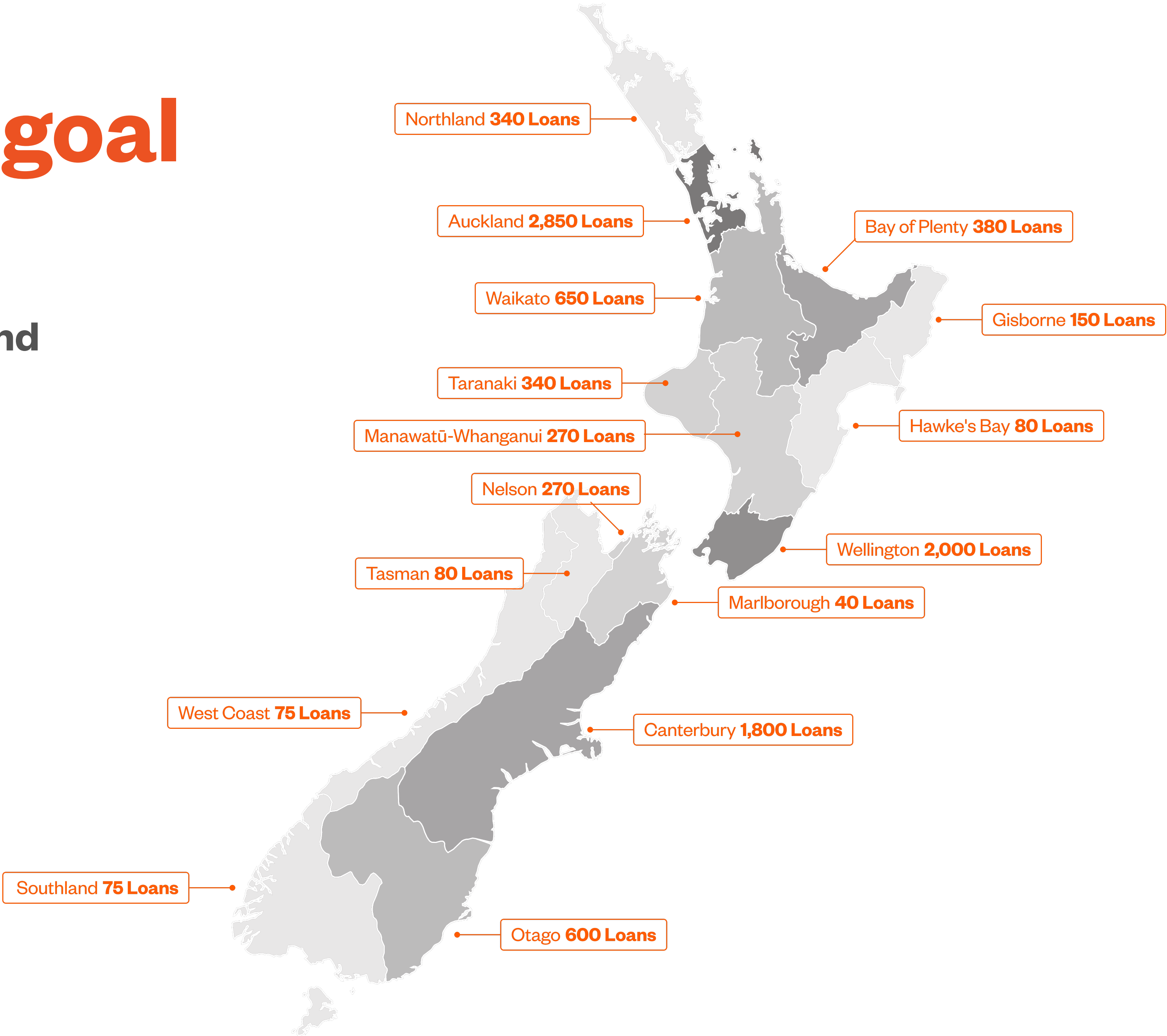
Our long term goal

Up to **10,000** homes built and rented nationwide via **Simplicity Living**.



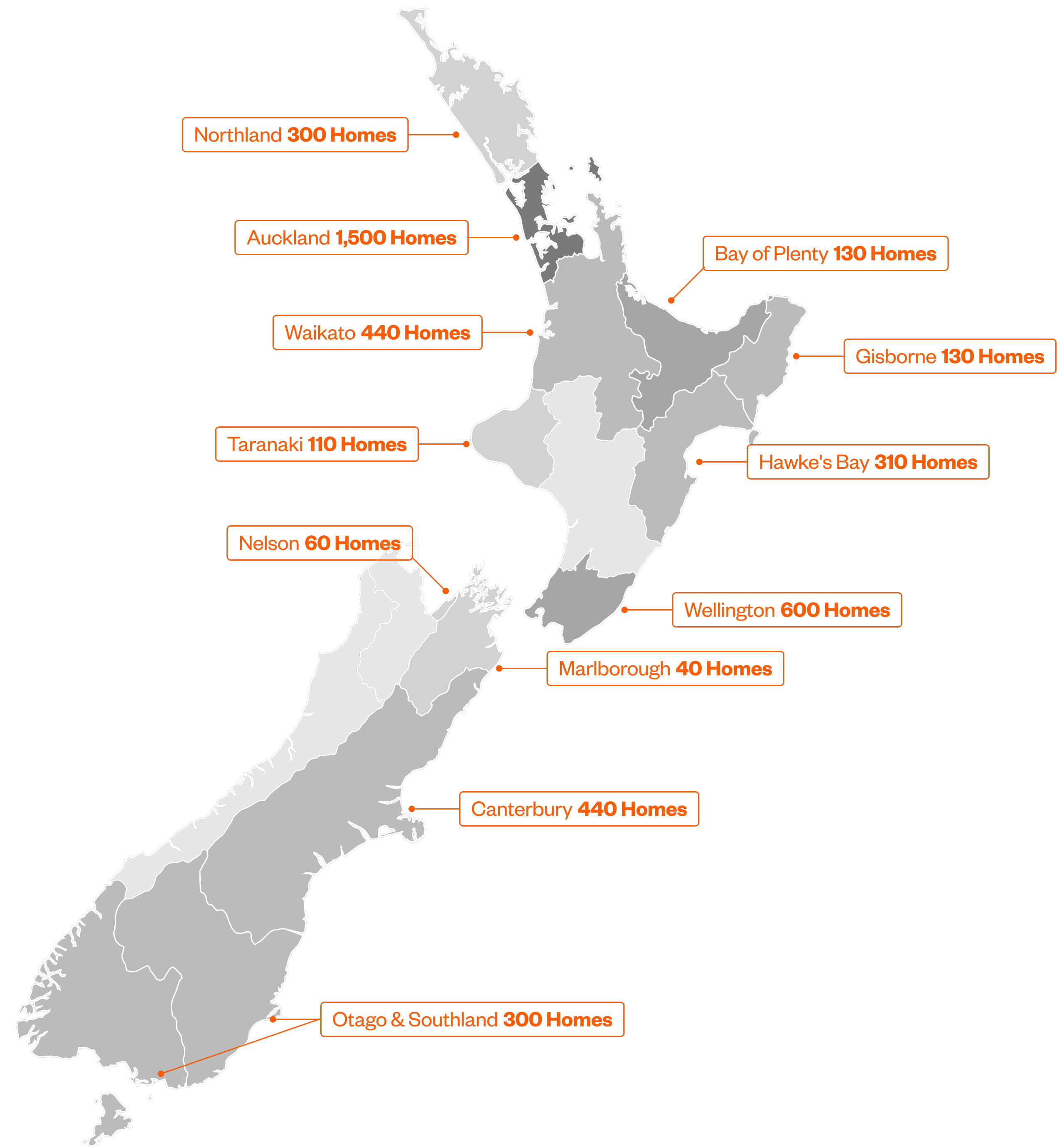
Our long term goal

Up to **10,000 mortgages** funded through the First Home Loan fund



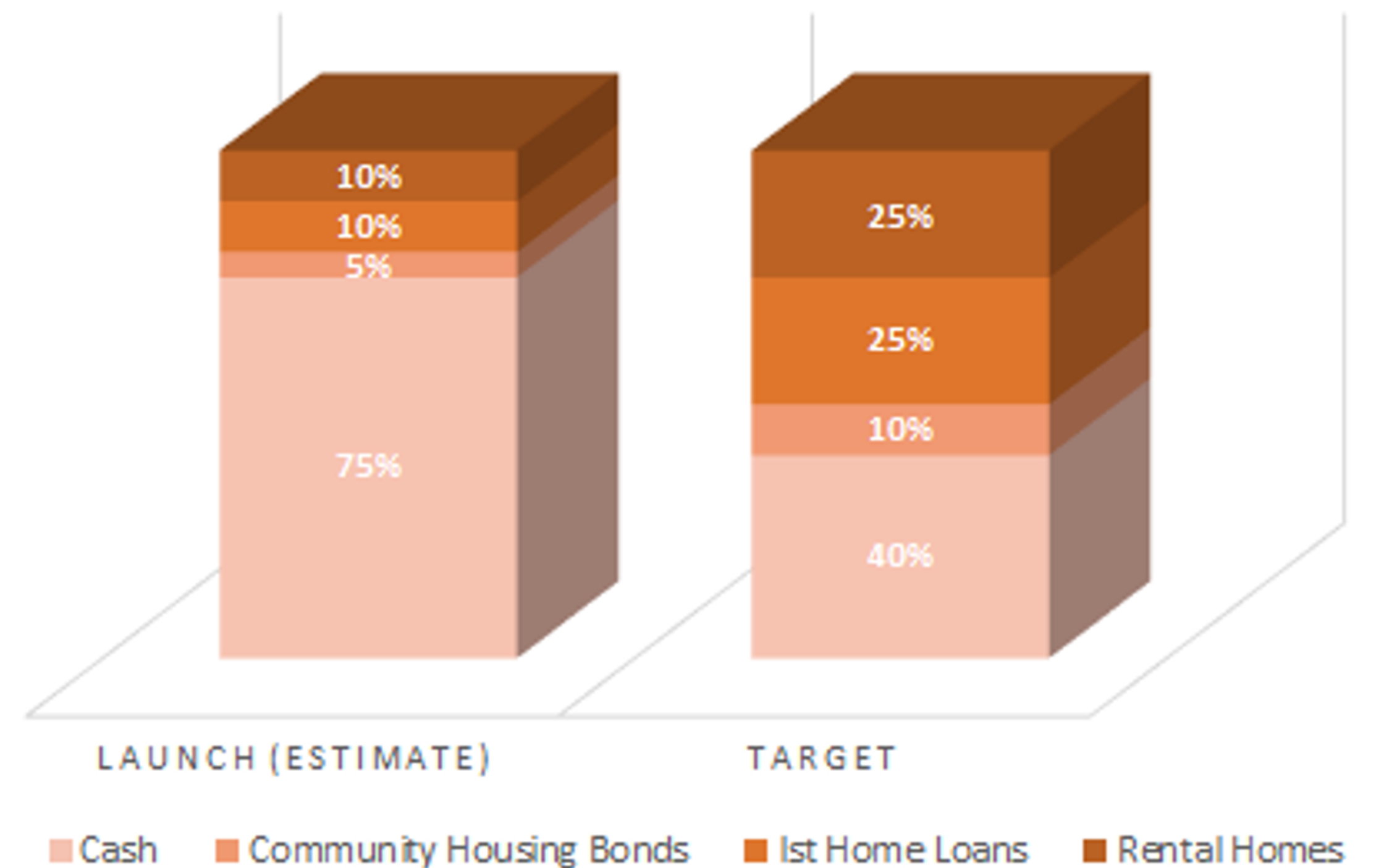
Our long term goal

Investment in community housing bonds that helps fund up to **5,000 homes**

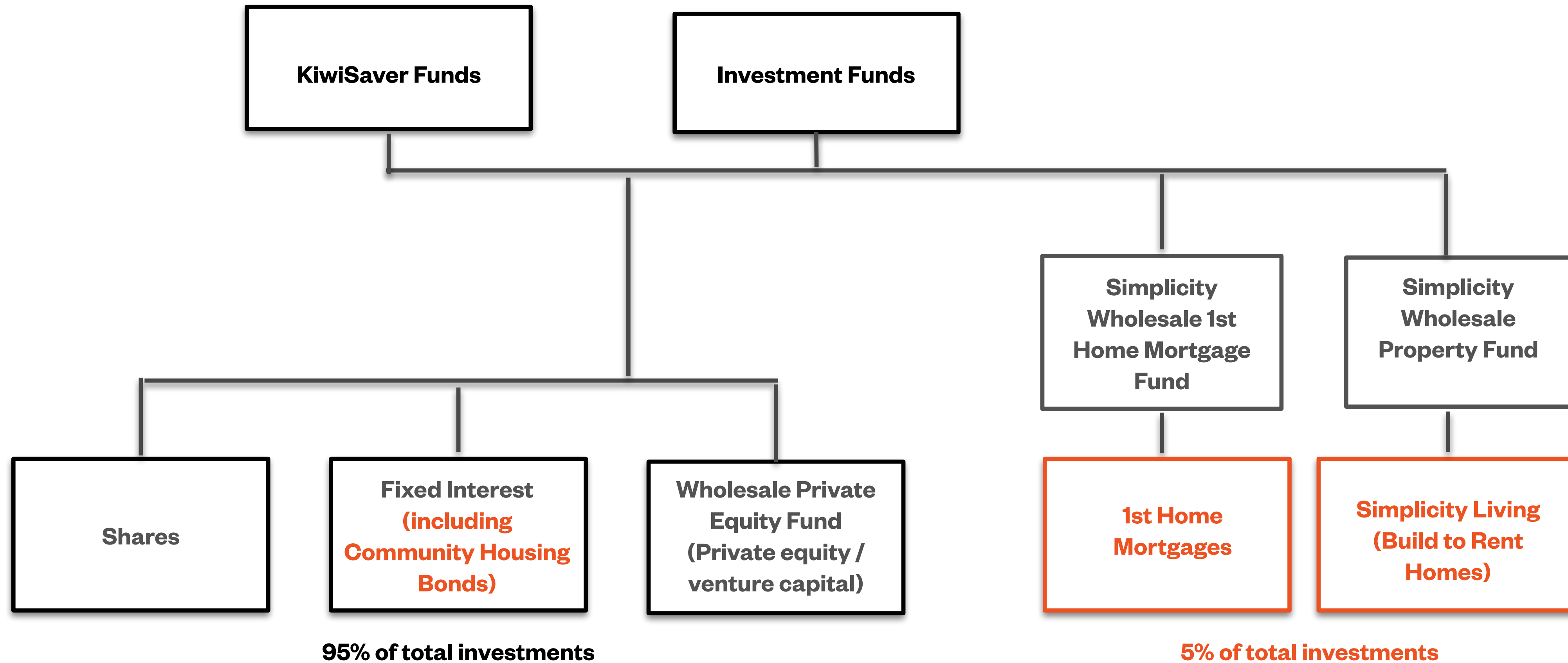


Initial Investments

- Initially, most investments should be in cash and cash equivalents via the Wholesale Cash Fund.
- Over time the investment mix will change to more home loans, community housing bonds, and build to rent homes operated by Simplicity Living.
- New build-to-rent projects are funded via increase in investment in Simplicity Living shares by the Simplicity Wholesale Property fund.
- It could take years to reach the target asset allocation.



What we're already doing



As at 30th Sept, 2023