



FULL YEAR RESULTS PRESENTATION

YEAR ENDED 31 DECEMBER 2014

SUMMERSET GROUP HOLDINGS LIMITED

24 February 2015





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FY14 RESULT HIGHLIGHTS





FY14 RESULT HIGHLIGHTS

RECORD NEW SALES AND RETIREMENT UNIT DELIVERY HIGHLIGHTS FOR FY14

		FY14 Actual	FY13 Actual	<i>FY14 Actual vs. FY13 Actual *</i>	FY12 Actual
Operational	New sales of occupation rights	286	228	25.4%	167
	Resales of occupation rights	172	174	-1.1%	164
	Total sales	458	402	13.9%	331
	New retirement units delivered	261	209	24.9%	160
Financial (NZ\$000)	Net operating cash flow	110,433	88,590	24.7%	66,254
	Total assets	1,043,189	844,932	23.5%	702,339
	Underlying profit **	24,420	22,154	10.2%	15,223
	Net profit before tax (IFRS)	53,994	31,755	70.0%	14,414
	Net profit after tax (IFRS)	54,173	34,223	58.3%	14,821

* Percentage movements based on unrounded amounts

** Underlying profit differs from net profit after tax (IFRS). Underlying profit is unaudited. Refer to slide 22 for the definition of underlying profit



FY14 RESULT HIGHLIGHTS

RECORD NEW SALES AND RETIREMENT UNIT DELIVERY HIGHLIGHTS FOR FY14

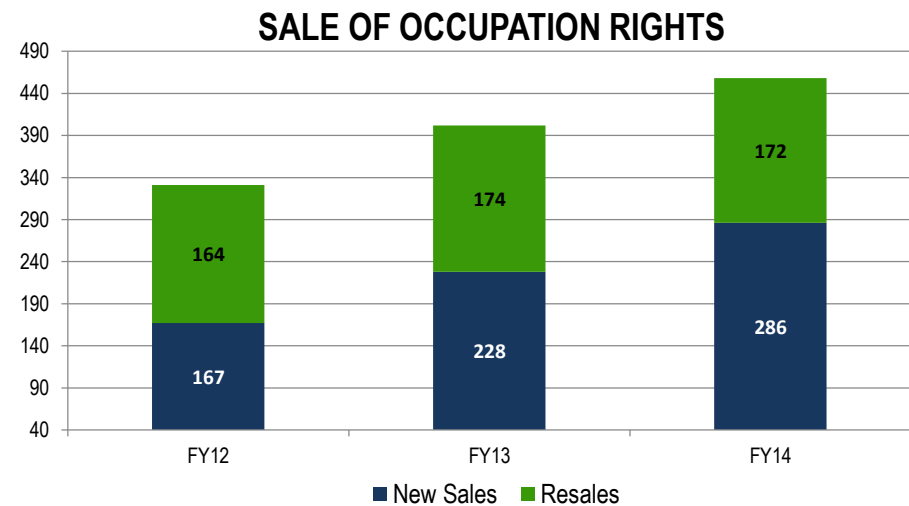
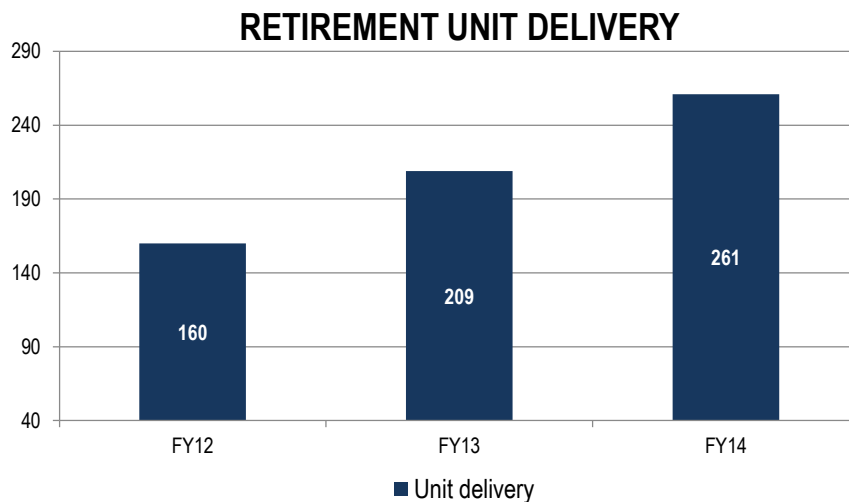
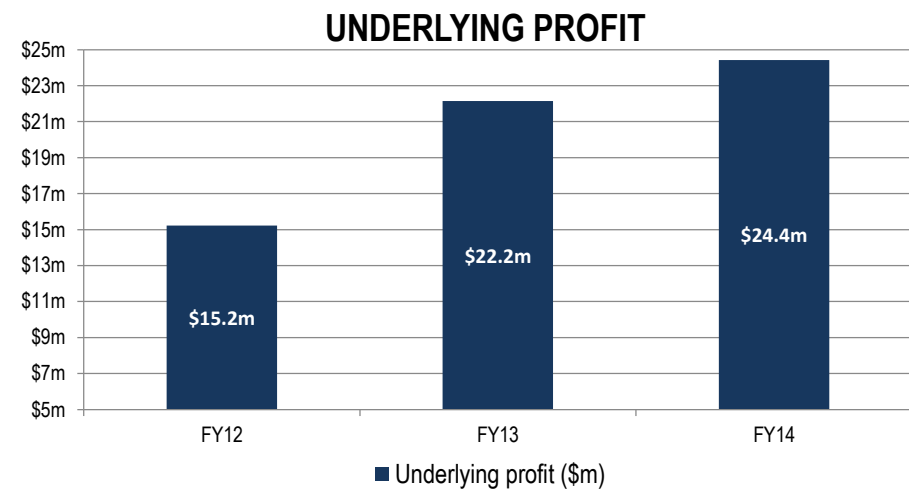
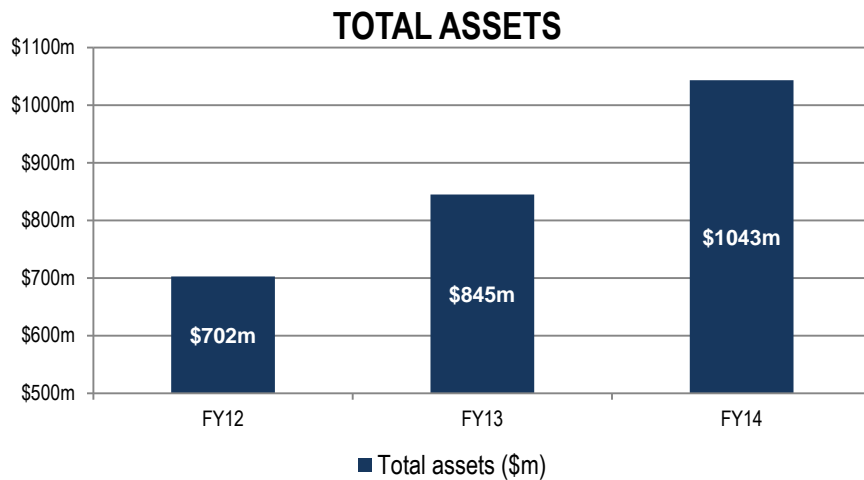
- 261 new retirement units delivered, up 25% on FY13 – on track for delivery of 300 retirement units in FY15
- New sales 25% higher than FY13
- Higher new sales driven by strong sell down right across the portfolio supplemented by the new villages in Karaka, Hobsonville, New Plymouth and the Trentham extension
- Total sales up 14% on FY13
- FY14 underlying profit of \$24.4m up 10% on FY13, despite lower realised resales gains
- Total assets of \$1.0b, up 23% on FY13
- Final dividend of 2.1 cents per share declared, amounting to \$4.6m
- FY14 net profit after tax (NZ IFRS) of \$54.2m up 58% on FY13
- Operating cash flow up 25% on FY13





FY14 RESULT HIGHLIGHTS

STRONG TRENDS CONTINUE ACROSS THE BUSINESS



BUSINESS OVERVIEW





FY14 REVIEW

RECORD UNDERLYING PROFIT IN FY14

- Delivered 261 retirement units in FY14, a record for Summerset, and 25% more than FY13
- On track for delivery of 300 retirement units in FY15
- Karaka, Hobsonville, Trentham extension and New Plymouth villages opened in FY14
- Three new village centres opened in Nelson, Dunedin and Katikati
- Dunedin village completed
- Resource consent approval for Ellerslie and Wigram received
- Commenced construction on the Wigram village - this will open in FY15
- Announced extension of existing Karaka site
- 2014 included additional costs associated with an unusually high volume of new villages opening (four new villages) and new care centres opening (three new care centres)
- Expect 2015 earnings growth to be higher than 2014





SUMMERSET SNAPSHOT

THIRD LARGEST OPERATOR, SECOND LARGEST DEVELOPER

- 2,116 retirement units (villas, apartments and care apartments)
- 485 care beds
- More than 3,000 residents
- 261 retirement units delivered in FY14
- On track for 300 retirement units in FY15
- 20 villages completed or in development
- Three villages yet to be developed





SUMMERSET STRATEGY

SUMMERSET BUILDS, OWNS AND OPERATES RETIREMENT VILLAGES IN NZ

- Focus on continuum of care model
- High quality care and facilities within every village
- Continued investment and upgrade of existing facilities
- Internal development model embedded
- Nationwide brand offering
- Customer centric philosophy – “we love the life you bring to us”
- Respect for everyday New Zealanders
- New Zealand focus





OPERATIONS AND STAFF

FOCUS ON CLINICAL QUALITY AND STAFF TRAINING

- In 2014 a new Clinical Governance Committee of the Board has been established to further support Summerset's commitment to deliver care of the highest standard, at all times
- Review of our quality programme, to promote consistent quality care across all villages
- Continued Careerforce training programme participation, and qualification attainment
- New role for Head of Clinical Services to continue evolving the Summerset clinical care strategy
- 93% care customer satisfaction – industry leading result
- Summerset increased caregiver wages by between 2.4% and 7.5%, with the higher increases rewarding staff for training and qualifications gained throughout the year

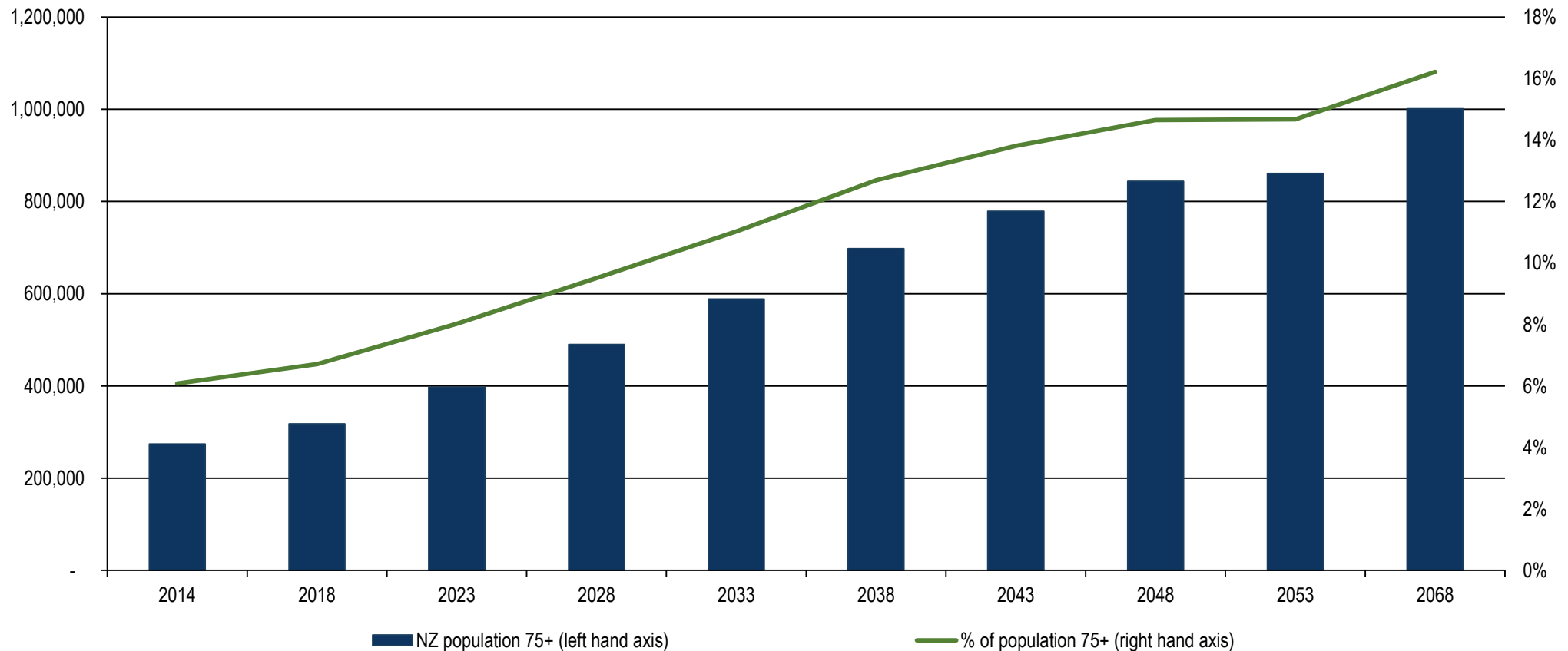




DEMOGRAPHICS

POPULATION OVER 75 YEARS FORECAST TO TRIPLE FROM 2014 TO 2068

POPULATION GROWTH 75 YEARS AND OVER



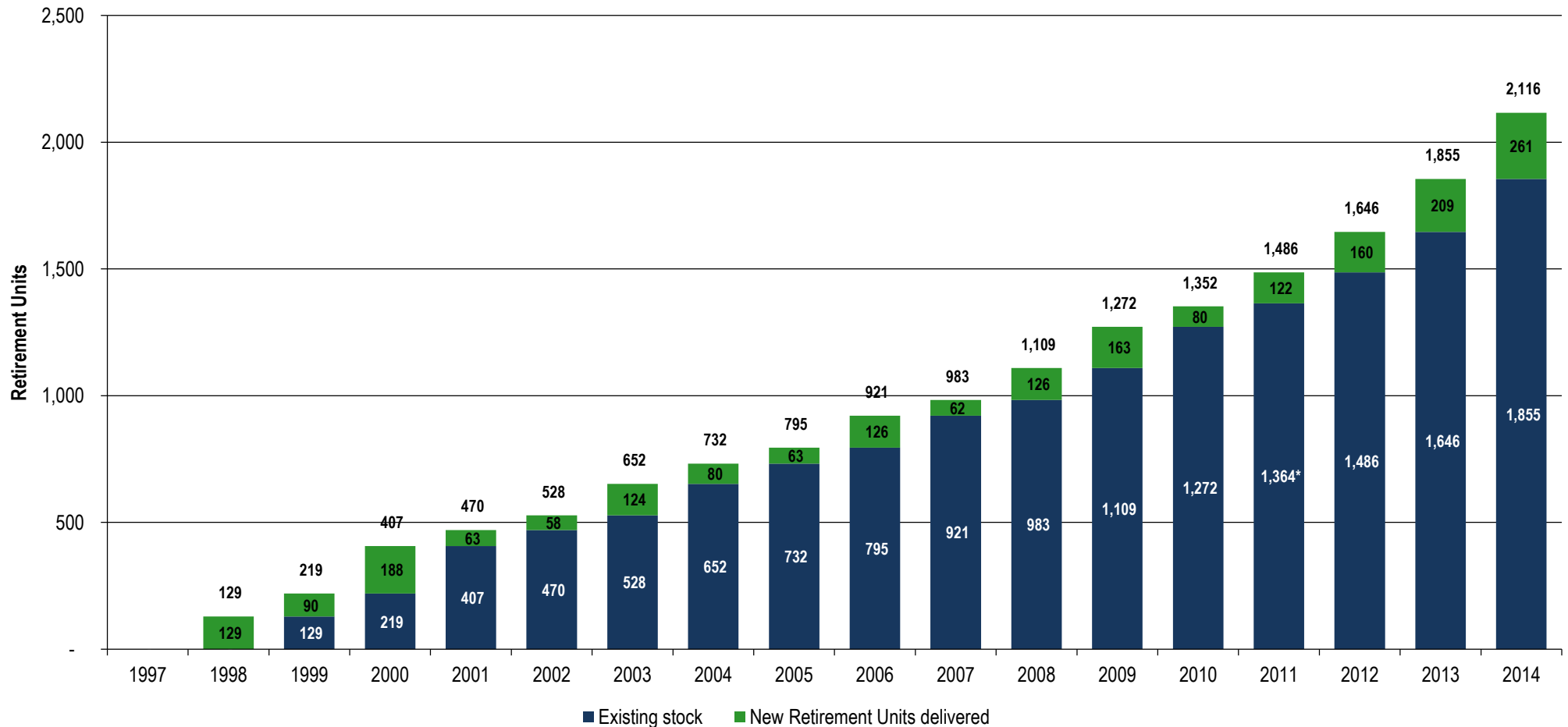
Source: Statistics New Zealand
50th percentile (median)



SUMMERSET GROWTH

17 YEARS OF CONSISTENT DELIVERY AND GROWTH

SUMMERSET BUILD RATE





FY14 DEVELOPMENT ACTIVITY

DELIVERY OF 261 RETIREMENT UNITS IN FY14 ACROSS NINE SITES

- 261 retirement units delivered across nine villages
- Three new villages opened and one existing village extension underway
 - First retirement units in Hobsonville, Karaka and New Plymouth delivered
 - First retirement units in Trentham extension delivered
- Care apartment delivery gaining momentum with units delivered in Dunedin and Nelson
- Large main building programme underway:
 - Recently delivered main buildings in Nelson, Katikati and Dunedin
 - Extensions to the Nelson and Hamilton main buildings under way
 - Build of Hobsonville, Karaka and New Plymouth main buildings commenced
 - Warkworth care apartment extension commenced

Unit Delivery FY14	Villas	Apartments	Care Apartments	Total	Care Beds
Dunedin	-	20	20	40	42
Hamilton	24	-	-	24	-
Hobsonville	36	-	-	36	-
Karaka	27	-	-	27	-
Katikati	24	-	-	24	-
Nelson	-	-	15	57	-
New Plymouth	14	-	-	14	-
Trentham	24	-	-	24	-
Warkworth	15	-	-	15	-
Total	206	20	35	261	42



FY14 DEVELOPMENT ACTIVITY

DELIVERY OF 261 RETIREMENT UNITS IN FY14 ACROSS NINE SITES

Hamilton



Karaka



Trentham



Warkworth



Nelson



Katikati





FY14 DEVELOPMENT ACTIVITY

DELIVERY OF 261 RETIREMENT UNITS IN FY14 ACROSS 9 SITES

Trentham



New Plymouth



Warkworth



Hobsonville



New Plymouth



Dunedin





FUTURE DEVELOPMENT

LAND BANK OF 1,881 RETIREMENT UNITS AND 556 CARE BEDS

- Land bank of 1,881 retirement units spread across brownfield and greenfield sites
- Additional pipeline of 556 care beds across existing sites. Delivery of these future care beds will more than double the current level of Summerset care beds available
- Build target remains 300 retirement units by 2015
- Land bank provides in excess of six years of supply at build rate target

	Land Bank - as at 31 December 2014 *				
	Villas	Apartments	Care Apartments	Total Retirement Units	Care Beds
Casebrook	179	-	53	232	49
Ellerslie	62	147	43	252	80
Hamilton	85	-	25	110	46
Hobsonville	89	70	30	189	90
Karaka	167	24	20	211	49
Katikati	109	-	20	129	49
Lower Hutt	42	96	43	181	49
Nelson	38	-	25	63	46
New Plymouth	94	-	40	134	49
Trentham	115	-	20	135	-
Warkworth	-	-	36	36	-
Wigram	156	-	53	209	49
Total	1,136	337	408	1,881	556

* Land bank reflects current intentions as at 31 December 2014

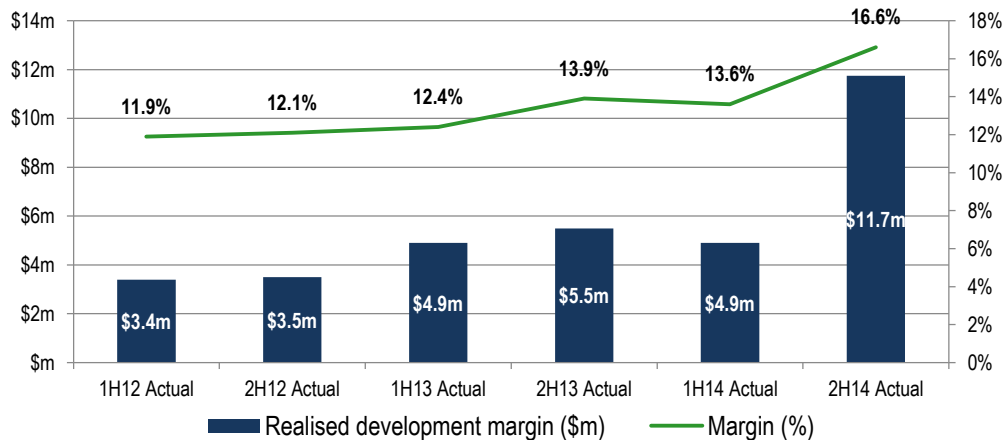


DEVELOPMENT MARGIN

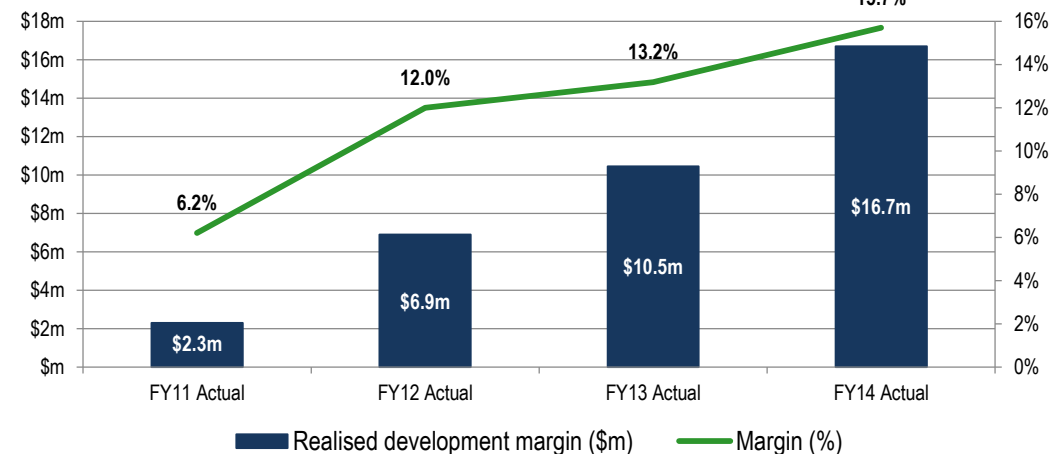
STRONG PERFORMANCE IN REALISED DEVELOPMENT MARGIN

- Development margin of \$16.7m, and 15.7%, in FY14, up 60% on FY13
- Strong 2H14 development margin of 16.6%
- We expect to achieve a FY15 development margin of 17%

DEVELOPMENT MARGIN – HALF ON HALF MARGINS



DEVELOPMENT MARGIN – FULL YEAR MARGINS





NEW SALES OF OCCUPATION RIGHTS

NEW SALES GROSS PROCEEDS UP 34% ON FY13 TO \$106M

- FY14 lift in sales associated with continued build programme and new villages opening
- Over the last two years, annual sale rates have lifted 71%
- New sale gross proceeds surpass \$100m in FY14, a \$27m increase in proceeds relative to 2013
- New sales of occupation rights up versus FY13:
 - Villas: 237, up 16% on FY13
 - Apartments: 20, up 11% on FY13
 - Care apartments: 29, up 383% on FY13

	FY14 Actual	FY13 Actual	FY14 Actual vs. FY13 Actual *	FY12 Actual
Gross proceeds (\$000)	106,252	79,274	34.0%	57,739
Villas	237	204	16.2%	117
Apartments	20	18	11.1%	36
Care apartments	29	6	383.3%	14
Total occupation rights	286	228	25.4%	167

* Percentage movements based on unrounded amounts

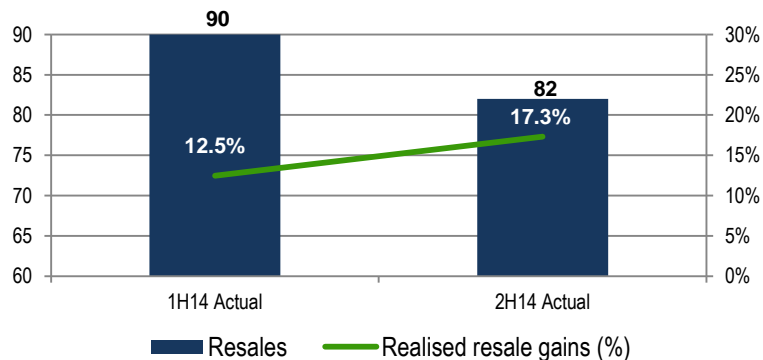


RESALES OF OCCUPATION RIGHTS

RESALES OF 172 OCCUPATION RIGHTS IN FY14

- Gross proceeds of \$54.9m, up 6% on FY13
- Occupation rights resold: 172, down 1% on FY13
- Higher proportion of apartments sold FY14 relative to FY13 – up 50%
- Lower average resale gains per unit associated with higher mix of both newer villages and shorter tenure
- 26 resale occupation rights available for sale at 31 December 2014

REALISED RESALE GAINS AND VOLUME – HALF ON HALF



	FY14 Actual	FY13 Actual	FY14 Actual vs. FY13 Actual *	FY12 Actual
Gross proceeds (\$000)	54,854	51,602	6.3%	44,514
Realised resale gains (\$000)	8,090	9,671	-16.3%	9,073
Realised resale gains (%)	14.7%	18.7%	-	20.4%
DMF realisation (\$000)	6,165	6,199	-0.5%	5,215
Villas	99	105	-5.7%	93
Apartments	51	34	50.0%	38
Care apartments	22	35	-37.1%	33
Total occupation rights	172	174	-1.1%	164

* Percentage movements based on unrounded amounts

A photograph of an elderly couple smiling. The woman on the left has short grey hair, wears glasses, a dark top, and a blue beaded necklace. The man on the right has thinning grey hair and wears a striped shirt under a dark sweater. They are standing in front of a window with a white frame. A dark blue rectangular overlay covers the lower half of the image, containing the text 'FINANCIAL RESULTS' and the Summerset logo.

FINANCIAL RESULTS





FY14 REPORTED PROFIT (IFRS)

NET PROFIT AFTER TAX UP 58% VERSUS FY13

- NPAT up \$20m relative to FY13
- FY14 total revenue up 20% versus FY13
- FY14 total expenses up 24% versus FY13
- 2014 expenses include higher operating costs associated with both new villages and opening of care facilities
- Fair value movement of investment property up 77% versus FY13 reflecting:
 - Increases in Summerset occupation right agreement prices throughout the year, driven by both general property market conditions and Summerset specific pricing reviews
 - Strong sell down rates and low vacant stock levels across the portfolio

NZ (\$000)	FY14 Actual	FY13 Actual	FY14 Actual vs. FY13 Actual *	FY12 Actual
Total revenue	54,285	45,208	20.1%	38,120
Reversal of impairment on land and buildings	1,882	-	-	-
Fair value movement of investment property	52,481	29,722	76.6%	15,128
Total income	108,648	74,930	45.0%	53,248
Total expenses	47,819	38,566	24.0%	33,938
Net finance costs	6,835	4,609	48.3%	4,896
Net profit before tax	53,994	31,755	70.0%	14,414
Tax credit	(179)	(2,468)	-92.7%	(407)
Net profit after tax	54,173	34,223	58.3%	14,821

* Percentage movements based on unrounded amounts

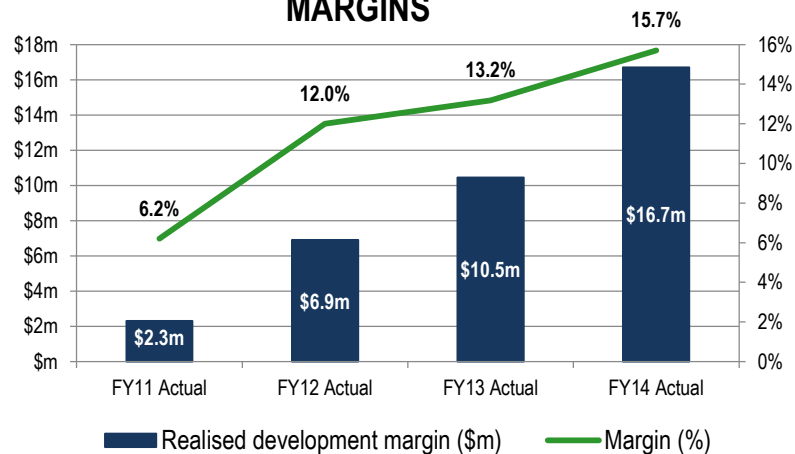


FY14 UNDERLYING PROFIT

REALISED DEVELOPMENT MARGIN UP 60% ON FY13

- Record underlying profit of \$24.4m, up 10% on FY13
- Record development margin achieved in FY14, with an additional \$6.2m of revenue generated
- All new sites across the group contributing to strong development margin

DEVELOPMENT MARGIN – FULL YEAR MARGINS



NZ (\$000)	FY14 Actual	FY13 Actual	FY14 Actual vs. FY13 Actual *	FY12 Actual
Reported profit after tax	54,173	34,223	58.3%	14,821
Less fair value movement of investment property	(52,481)	(29,722)	76.6%	(15,128)
Reversal of impairment on land and buildings	(1,882)	-	-	-
Add realised gain on resales	8,090	9,671	-16.3%	9,073
Add realised development margin	16,699	10,450	59.8%	6,864
Less deferred tax credit	(179)	(2,468)	-92.7%	(407)
Underlying profit	24,420	22,154	10.2%	15,223

* Percentage movements based on unrounded amounts

Underlying profit differs from IFRS net profit after tax. The directors have provided an unaudited underlying profit measure to assist readers in determining the realised and non-realised components of fair value movement of investment property 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 an industry wide measure which the group uses consistently across reporting periods.



FY14 CASH FLOWS

SUBSTANTIAL INVESTMENT IN NEW VILLAGE BUILDS

- Net operating cash flow of \$110.4m for FY14, up 25% on FY13
- Strong investment in new villages continued in FY14

NZ (\$000)	FY14 Actual	FY13 Actual	FY14 Actual vs. FY13 Actual *	FY12 Actual
Care fees and village services	36,211	31,797	13.9%	27,391
Interest received	307	209	46.9%	159
Payments to suppliers and employees	(42,023)	(36,910)	13.9%	(32,541)
Net receipts for resident loans	115,938	93,494	24.0%	71,245
Net operating cash flow	110,433	88,590	24.7%	66,254
Acquisition of PPE & IP	(139,830)	(108,070)	29.4%	(75,017)
Other investing cash flows	(2,240)	(1,463)	53.1%	(1,903)
Net investing cash flow	(142,070)	(109,533)	29.7%	(76,920)
Proceeds from bank loans	45,551	27,109	68.0%	9,041
Dividends paid	(10,035)	(5,342)	87.9%	-
Proceeds from issue of shares	4,431	3,705	19.6%	-
Other financing cash flows	(6,464)	(4,270)	51.4%	(4,577)
Net financing cash flows	33,483	21,202	57.9%	4,464
Net increase in cash	1,846	259	612.7%	(6,202)

* Percentage movements based on unrounded amounts

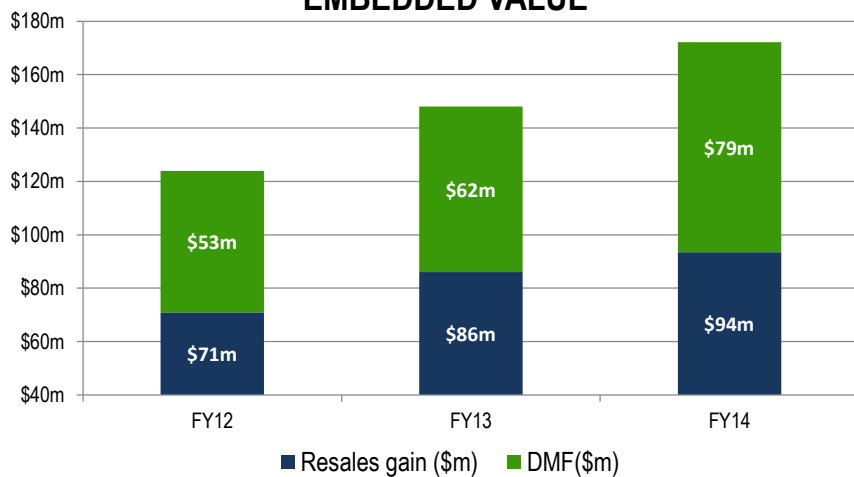


FY14 BALANCE SHEET

TOTAL ASSETS OF \$1.0B, UP 23% FROM \$845M IN FY13

- Total assets have reached a milestone of \$1.0b, up 23% on FY13
- Investment property valuation of \$958m, up 23% on FY13
- Other assets include land and buildings (primarily care facilities)
- Embedded value of \$172m, \$81k per retirement unit, as at 31 December 2014:
 - \$94m resales gain
 - \$79m deferred management fee

EMBEDDED VALUE



NZ (\$000)	FY14 Actual	FY13 Actual	FY14 Actual vs. FY13 Actual *	FY12 Actual
Investment property	958,171	776,637	23.4%	644,506
Other assets	85,018	68,295	24.5%	57,833
Total assets	1,043,189	844,932	23.5%	702,339
Residents' loans	513,683	414,226	24.0%	336,133
Bank loans	150,819	105,268	43.3%	78,162
Other liabilities	46,417	43,526	6.6%	39,250
Total liabilities	710,919	563,020	26.3%	453,545
Net assets	332,270	281,912	17.9%	248,794
Embedded value	172,131	147,326	16.8%	124,123
NTA (cents per share)	153	131	16.8%	116

* Percentage movements based on unrounded amounts

FINAL DIVIDEND





FY14 FINAL DIVIDEND

SUMMERSET BOARD DECLARES FY14 FINAL DIVIDEND

- The Summerset Board have declared a final dividend of 2.1 cents per share, unimputed
- This represents a total pay-out for the second half of 2014 of approximately \$4.6m
- Total dividends paid for the 2014 year (interim and final) are 3.5 cents per share, being approximately \$7.6m
- 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
- Eligible investors wishing to take up the DRP must register by 5pm NZT on Wednesday the 11th of March 2015. Any applications received on or after this time will be applied to subsequent dividends
- The final dividend will be paid on Wednesday the 25th of March 2015. The record date for final determination of entitlements to the interim dividend is Tuesday the 10th of March 2015



QUESTIONS?



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.

Furthermore, while all reasonable care has been taken in compiling this presentation, Summerset accepts no responsibility for any errors or omissions.

This presentation does not constitute investment advice.

APPENDIX





PORTFOLIO AS AT 31 DECEMBER 2014

2,116 RETIREMENT UNITS AND 485 CARE BEDS

	Existing Portfolio – as at 31 December 2014				
	Villas	Apartments	Care Apartments	Total Retirement Units	Care Beds
Aotea	96	33	38	167	-
Dunedin	61	20	20	101	41
Hamilton	98	-	10	108	30
Hastings	146	5	-	151	-
Havelock North	94	28	-	122	41
Hobsonville	36	-	-	36	-
Karaka	27	-	-	27	-
Katikati	47	-	-	47	-
Levin	64	22	-	86	28
Manukau	89	67	27	183	52
Napier	94	26	20	140	48
Nelson	176	-	15	191	42
New Plymouth	14	-	-	14	-
Palmerston North	90	12	-	102	43
Paraparaumu	92	22	-	114	41
Taupo	94	34	18	146	-
Trentham	116	12	20	148	41
Wanganui	70	18	12	100	37
Warkworth	123	2	8	133	41
Total	1,627	301	188	2,116	485



LAND BANK AS AT 31 DECEMBER 2014

LAND BANK OF 1,881 RETIREMENT UNITS AND 556 CARE BEDS

	Land Bank - as at 31 December 2014 *				
	Villas	Apartments	Care Apartments	Total Retirement Units	Care Beds
Casebrook	179	-	53	232	49
Ellerslie	62	147	43	252	80
Hamilton	85	-	25	110	46
Hobsonville	89	70	30	189	90
Karaka	167	24	20	211	49
Katikati	109	-	20	129	49
Lower Hutt	42	96	43	181	49
Nelson	38	-	25	63	46
New Plymouth	94	-	40	134	49
Trentham	115	-	20	135	-
Warkworth	-	-	36	36	-
Wigram	156	-	53	209	49
Total	1,136	337	408	1,881	556

* Land bank reflects current intentions as at 31 December 2014