

NZX, ASX AND MEDIA RELEASE

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MOMENTUM CONTINUES FOR SUMMERSET, UP 55%

- Underlying profit for FY15 of NZ\$37.8m, up 55% on FY14
- Net profit after tax of NZ\$84.2m, up 56% on FY14
- \$225 million invested into new and existing villages, up 58% on FY14
- Total assets of NZ\$1.36b, up 31% on FY14
- 578 total sales of occupation rights, up 26% on FY14
- 303 new retirement units delivered
- Final dividend of NZ 3.4 cents per share
- Development margin of 20.0%, up from 15.7% for FY14
- FY16 build rate target increased to 400 retirement units, up from 300 for FY15

Retirement village and aged care operator Summerset Group today announced underlying profit for the 2015 financial year of NZ\$37.8 million, a 55% increase on profit from the previous year.

The result reflects continued momentum for the company which benefited from strong sales across its nationwide network of villages and an increase in resales of occupation rights.

Net profit after tax for FY15 was NZ\$84.2 million, 56% higher than FY14. This figure includes unrealised valuation gains in the fair value of investment properties, land and buildings. The company's total asset value increased by 31% to NZ\$1.36 billion, up from NZ\$1.04 billion in 2014. The development margin on new retirement units also increased to 20.0% in 2015, up from 15.7% in the prior year.

Summerset CEO Julian Cook said that the company's financial performance reflected Summerset's continued focus on expansion across New Zealand and delivering on its core focus of bringing the best of life to older New Zealanders.

"We are very pleased with our results for 2015. Our growing presence in Auckland coupled with strong demand across our other villages resulted in a record 578 retirement unit sales. We opened our first village in Christchurch, Summerset at Wigram, as well as three village and care centres in the North Island and commenced construction on our Ellerslie village in Auckland. We also delivered a record 303 retirement units across the country and secured three new sites - which sets us up for continued expansion growth into the future."

"2015 was a milestone year for us. We achieved our long standing target of building 300 retirement units and saw our development margin increase to 20%. At the time of our IPO we

had indicated a target development margin of around 17%. These are good results but we continue to look ahead and remain on track for our build target for 2016 of 400 retirement units.”

This is the fifth year running the company has increased its occupation right sales, up 26% from sales in 2014. Proceeds from the sales of occupation rights totalled \$208 million, compared with \$161 million in 2014, a 29% increase.

“With a significant lift in investment in 2014, we anticipated a higher level of earnings growth. In 2015, we invested \$225 million back into the business. We continue to realise the benefits of our internalised development model and strong demand across our villages is demonstrating that we continue to deliver high quality retirement living and care to our residents.”

The opening of village and care centres in Katikati, Karaka and New Plymouth were key milestones over the year for Summerset’s developing villages. Mr Cook said that the village and care centres provide the services, support and security that residents want and need.

“Our village centres provide a real sense of community for our residents. They also house our care centres. Care is critically important to our overall services to residents and over 2015 we continued to develop this area. During the year we introduced a new Head of Clinical role as well as clinical nurse leads to support our nurse managers. We also began benchmarking clinical indicators across our care centres which enable us to measure and maintain our high standards.”

It was a busy year for the company in terms of developing villages and securing new development opportunities. Summerset purchased three new sites in Auckland over the course of the year and construction continued on its Ellerslie location, which is due to open in 2017. Last week the company also announced the purchase of a 6.3 hectare site situated in one of the leading suburbs of Hamilton, Rototuna.

“While we are always looking for opportunities across New Zealand, Auckland is clearly constrained for living and care services for older people. In July we purchased sites in St Johns and Parnell, we also secured a third site which sits adjacent to our existing village in Warkworth. These sites are all very well located and we are looking forward to getting these villages underway.”

Work continued on other development sites across the country, with the company’s second Christchurch site receiving resource consent in September. Construction is due to commence in early 2017 for the \$100 million retirement village in Casebrook. As at 31 December 2015, Summerset’s total land bank represented 2,414 retirement units and 406 care beds.

It was also announced today that Norah Barlow will be stepping down as a director of the company, retiring by rotation at the upcoming Annual Meeting in April. Summerset Chairman, Rob Campbell, expressed his thanks to Norah.

“Norah has been part of Summerset since the very beginning and on behalf of the board and shareholders we thank her for her outstanding contribution over many years.”

The board has commenced a search process for a replacement director.

Summerset announced a final 2015 dividend for shareholders of 3.4 cents per share, bringing the total dividend payment to 5.25 cents for the year. This is an increase of 1.75 cents per share on the total dividend paid for the prior year. The dividend reinvestment plan will apply to the dividend, with a discount of 2% applicable to those shareholders participating in the plan.

ENDS

Underlying profit differs from IFRS net profit after tax. The directors have provided an 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. Underlying profit is reconciled to IFRS profit in the results presentation attached to this announcement. 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.

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ABOUT SUMMERSET

- Summerset is one of the leading operators and developers of retirement villages in New Zealand, with 21 villages across the country. In addition, Summerset has five sites for development in Casebrook, Lower Hutt, Parnell, Rototuna and St Johns, bringing the total number of sites to 26.
- It provides a range of living options and care services to more than 3,500 residents.
- Summerset's senior management team is led by CEO Julian Cook.
- Four-time winner of Retirement Village of the Year and recognised by the Reader's Digest Quality Service Awards 2015.
- The Summerset Group has villages in Aotea, Dunedin, Hamilton, Hastings, Havelock North, Hobsonville, Karaka, Katikati, Levin, Manukau, Napier, Nelson, New Plymouth, Palmerston North, Paraparaumu, Taupo, Trentham, Wanganui, Warkworth and Wigram.