



FULL YEAR RESULTS PRESENTATION

YEAR ENDED 31 DECEMBER 2013

SUMMERSET GROUP HOLDINGS LIMITED

25 February 2014





AGENDA

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A photograph of a construction site featuring several houses in various stages of completion. On the left, a house is under the initial wooden framing. In the center and right, more houses are shown with white exterior walls and dark roofs, many of which are still covered in scaffolding. The site is situated on a grassy hillside under a bright blue sky with scattered white clouds. A dark blue semi-transparent banner is overlaid on the lower half of the image.

RESULT HIGHLIGHTS





FY13 RESULT HIGHLIGHTS

CONTINUED STRONG GROWTH IN ALL AREAS

| | | FY13 Actual | FY12 Actual | <i>FY13 Actual vs. FY12 Actual</i> | FY11 Actual |
|---------------------|--------------------------------|-------------|-------------|--|-------------|
| Operational | New sales of occupation rights | 228 | 167 | 36.5% | 108 |
| | Resales of occupation rights | 174 | 164 | 6.1% | 123 |
| | New units delivered | 209 | 160 | 30.6% | 122 |
| Financial (NZ\$000) | Net operating cash flow | 88,590 | 66,254 | 33.7 % | 43,684 |
| | Underlying profit | 22,154 | 15,223 | 45.5% | 8,080 |
| | Net profit before tax (IFRS) | 31,755 | 14,414 | 120% | 4,364 |
| | Net profit after tax (IFRS) | 34,223 | 14,821 | 131% | 4,324 |

Underlying profit differs from net profit after tax (IFRS). Refer to slide 21 for the definition of underlying profit



FY13 RESULT HIGHLIGHTS

AHEAD OF FY12 RESULTS ON KEY METRICS

- Strong growth on FY12 results across the business:
 - New sales up 37%
 - Operating cash flow up 34%
- FY13 underlying profit of \$22.2m, up 46% on FY12
- Resales up 6% despite lower stock availability at beginning of FY13
- FY13 net profit before tax (NZ IFRS) of \$31.8m up 120% on FY12
- FY13 net profit after tax (NZ IFRS) of \$34.2m up 131% on FY12
- One-off items included in FY13 earnings:
 - \$8.4m fair value gain on greenfield land held in Auckland
 - \$2.2m income tax credit relating to first time booking of tax losses held post Quadrant sell down
 - \$0.5m one-off costs of ASX listing
- Final dividend of 3.25 cents per share declared, unimputed, up 30% on FY12 dividend



A photograph of an elderly man with a beard, wearing a blue and white plaid hat and glasses, smiling as he looks at a large agave plant in a garden. The background shows a modern house with a balcony. A dark blue semi-transparent rectangle is overlaid on the bottom left of the image, containing the text 'BUSINESS OVERVIEW' and the Summerset logo.

BUSINESS OVERVIEW





FY13 REVIEW

CONTINUED FOCUS ON GROWTH AND DELIVERY OF BUILD PROGRAMME

- Continued growth in financial performance
- Delivered 209 units across six sites
- Commenced construction on 16th and 17th villages, Katikati and Karaka, respectively
- Hobsonville, SummerSet's 18th village, commenced construction post year end
- Announced five new site acquisitions: Lower Hutt, New Plymouth, Trentham, Casebrook and Wigram
- Environment Court approval for Hobsonville in November 2013
- "Best Retirement Village Operator in Australasia 2013" – fourth year in a row
- Appointment of Marie Bismark and Anne Urlwin to the Board of Directors





SUMMERSET SNAPSHOT

THIRD LARGEST OPERATOR, SECOND LARGEST DEVELOPER

- 1,855 retirement units (villas, apartments and care apartments)
- 442 care beds
- Over 2,600 residents
- 209 units delivered in FY13
- Build rate of around 250 retirement units in FY14
- Build rate guidance of 300 retirement units per annum by FY15





SUMMERSET STRATEGY

SUMMERSET BUILDS, OWNS AND OPERATES RETIREMENT VILLAGES IN NZ

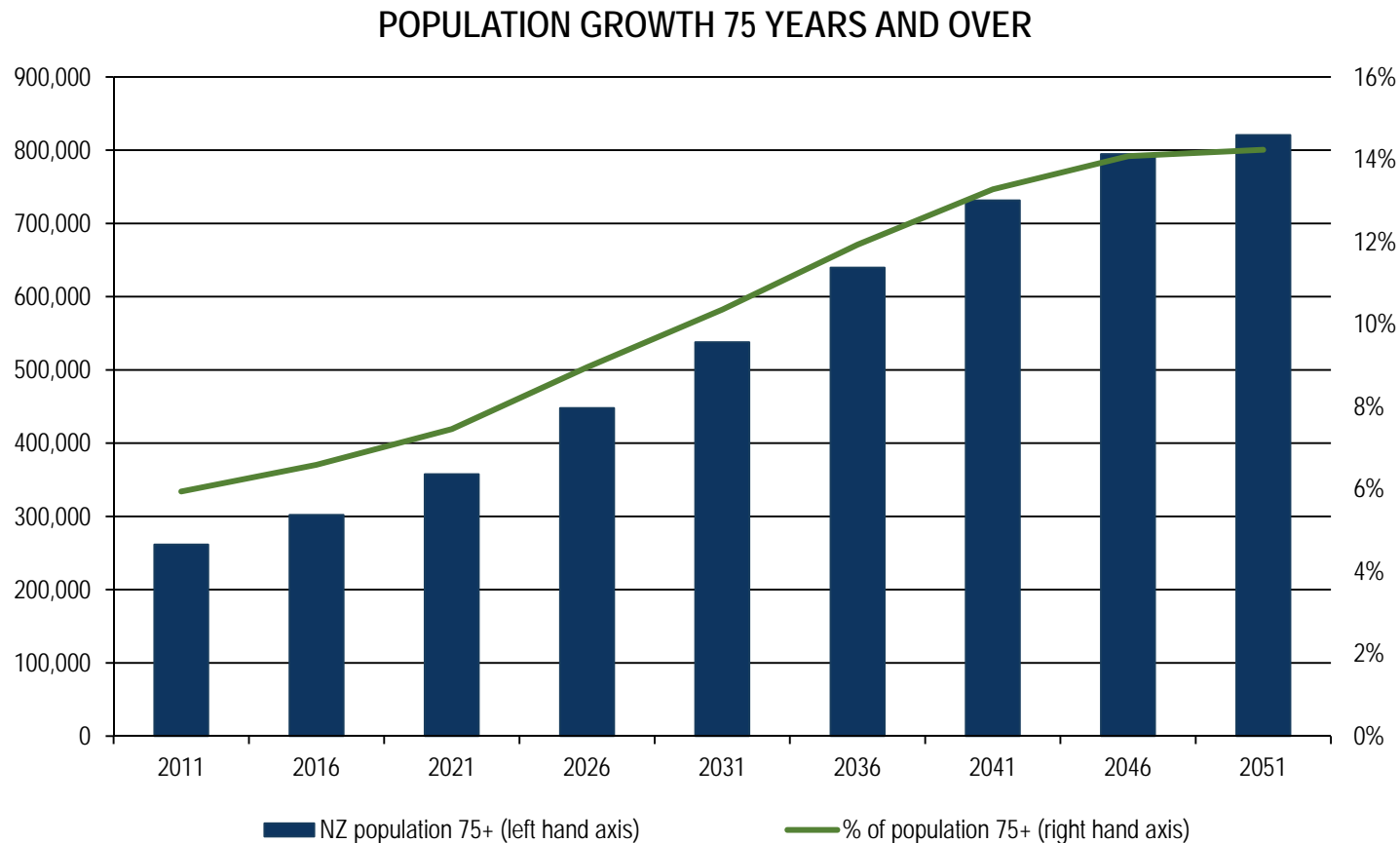
- Focus on continuum of care model
- Internal development model
- Nationwide brand offering
- Customer centric philosophy – “we love the life you bring to us”
- Respect for everyday New Zealanders





DEMOGRAPHICS

POPULATION OVER 75 YEARS FORECAST TO TRIPLE FROM 2011 TO 2051

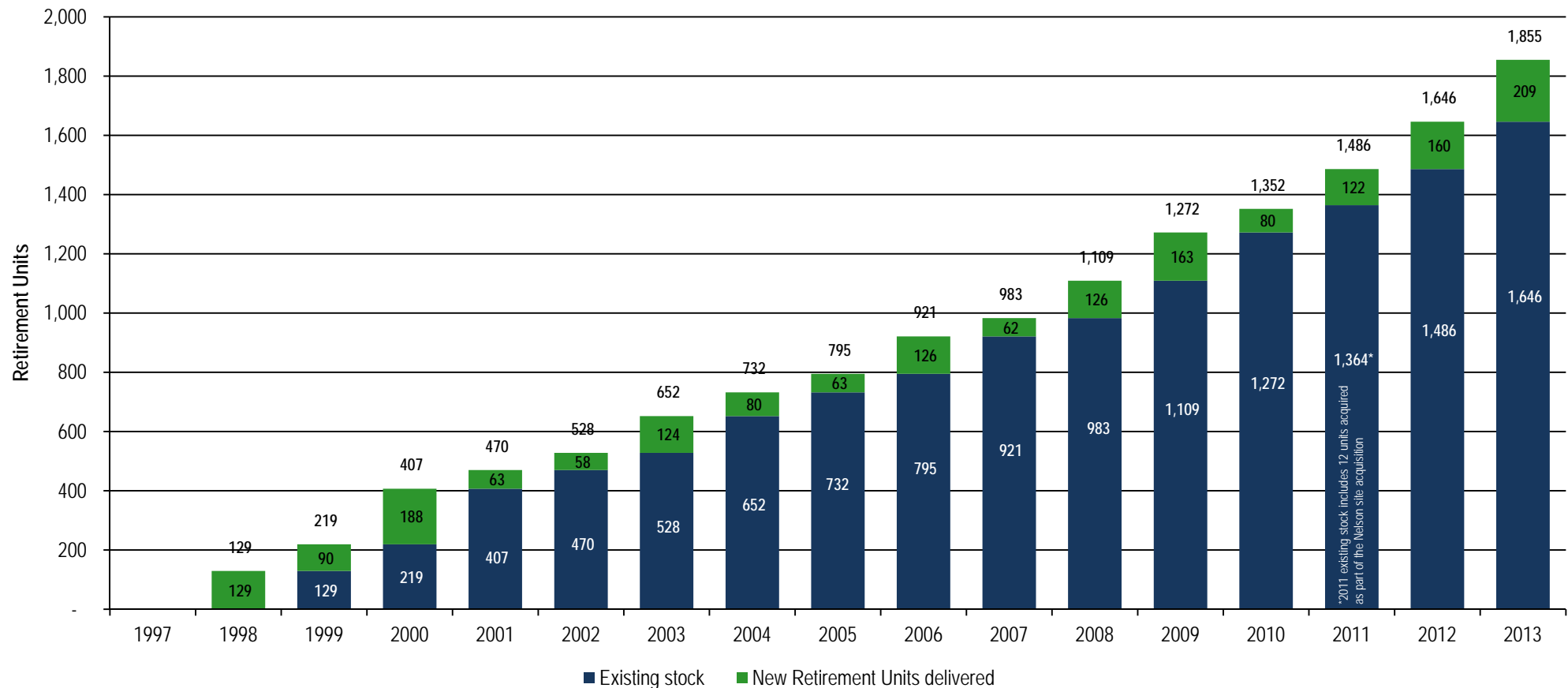


Source: Statistics New Zealand
50th percentile (median)



SUMMERSET GROWTH

16 YEARS OF CONSISTENT DELIVERY AND GROWTH





FY13 DEVELOPMENT ACTIVITY

DELIVERY OF 209 UNITS IN FY13 ACROSS SIX SITES

- 209 units delivered across six villages
- First units in Katikati delivered
- Hastings village completed in FY13
- Main buildings and care beds delivered during FY13:
 - Warkworth: 41 care beds
 - Nelson: main building and 42 care beds
 - Hamilton: main building and 30 care beds
 - Dunedin: main building and 42 care beds currently under construction and close to completion
- More even delivery across the year continues

| | Unit delivery FY13 | | | |
|--------------|--------------------|------------|-----------------|------------|
| | Villas | Apartments | Care Apartments | Total |
| Dunedin | 30 | - | - | 30 |
| Hamilton | 34 | - | 10 | 44 |
| Hastings | 42 | - | - | 42 |
| Katikati | 23 | - | - | 23 |
| Nelson | 40 | - | - | 40 |
| Warkworth | 30 | - | - | 30 |
| Total | 199 | 0 | 10 | 209 |



FY13 DEVELOPMENT ACTIVITY

DELIVERY OF 209 UNITS IN FY13 ACROSS SIX SITES

Dunedin



Nelson



Hamilton



Hastings



Warkworth



Katikati



FY13 DEVELOPMENT ACTIVITY

HAMILTON AND NELSON MAIN BUILDINGS COMPLETED IN FY13

Hamilton Main Building



Nelson Main Building



Dunedin Main Building (under construction)



FUTURE DEVELOPMENT

LAND BANK OF 2,116 RETIREMENT UNITS AND 595 CARE BEDS

- Land bank of 2,116 retirement units spread across brownfield and greenfield sites
- Additional pipeline of 595 care beds across existing sites
- Build target remains 300 retirement units by 2015
- Landbank provides seven years of supply at build rate target
- Care bed build is additional to this target

| | Land Bank - as at 31 December 2013 * | | | | |
|--------------|--------------------------------------|------------|-----------------|------------------------|------------|
| | Villas | Apartments | Care Apartments | Total Retirement Units | Care Beds |
| Casebrook | 195 | - | 38 | 233 | 80 |
| Dunedin | - | 20 | 20 | 40 | 42 |
| Ellerslie | 50 | 150 | 50 | 250 | 80 |
| Hamilton | 108 | 40 | 10 | 158 | 19 |
| Hobsonville | 125 | 70 | 30 | 225 | 90 |
| Karaka | 115 | 24 | 20 | 159 | 49 |
| Katikati | 133 | 20 | - | 153 | 49 |
| Lower Hutt | 25 | 172 | 20 | 217 | 40 |
| Nelson | 80 | - | 40 | 120 | 47 |
| New Plymouth | 108 | - | 40 | 148 | 49 |
| Trentham | 134 | - | 20 | 154 | - |
| Warkworth | 15 | - | 32 | 47 | - |
| Wigram | 159 | - | 53 | 212 | 50 |
| Total | 1,247 | 496 | 373 | 2,116 | 595 |

* Land bank reflects current intentions as at 31 December 2013.



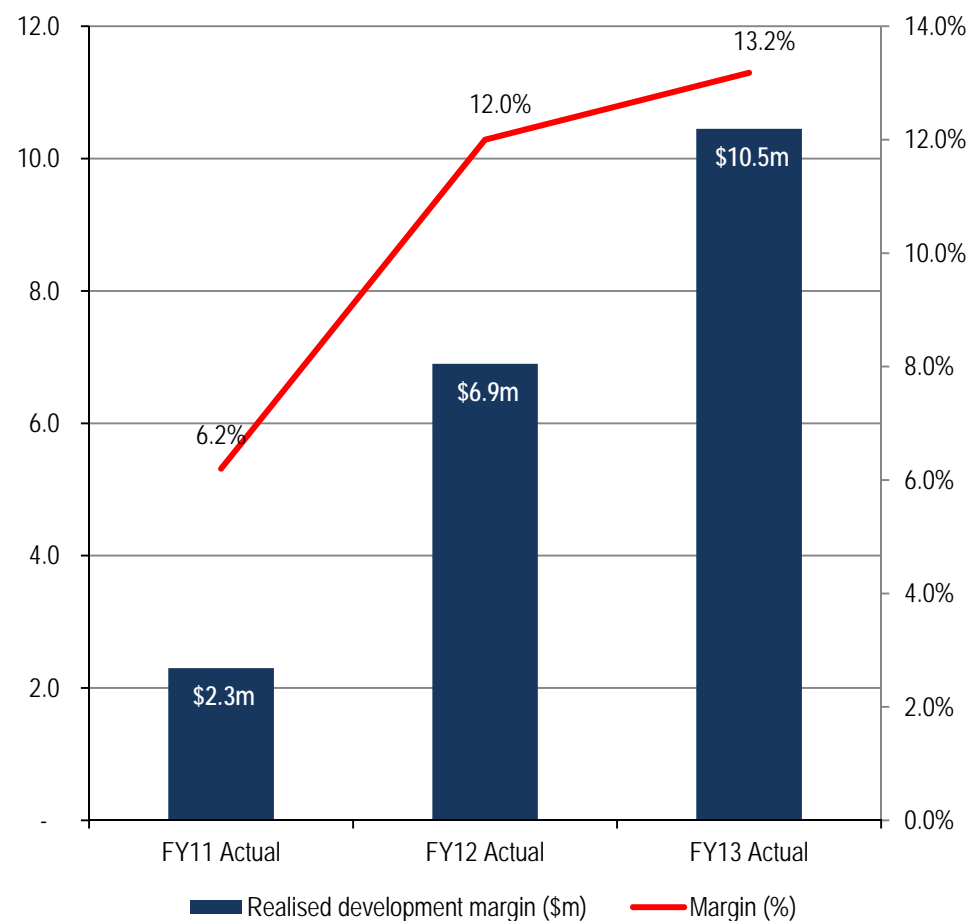
DEVELOPMENT MARGIN

REALISED DEVELOPMENT MARGIN \$10.5M

- Development margin continues to move upwards
- Strong sales in Warkworth and Hastings where external contractors are still being used holding margin down in short term
- Development margins on sites with internal construction management in line with medium term target of 17%+
- Beginning to explore materials procurement and direct labour on sites
- Summerset managed construction of the Nelson, Dunedin, Katikati and Hamilton sites in FY13
- All sites will be managed by Summerset in FY14



REALISED DEVELOPMENT MARGIN





NEW SALES OF OCCUPATION RIGHTS

NEW SALES OF 228 OCCUPATION RIGHTS VERSUS FY12 OF 167

- New sales of occupation rights up versus FY12:
 - Gross proceeds: \$79.3m, up 37.3% over FY12
 - Occupation rights: 228, up 36.5% over FY12

| | FY13 Actual | FY12 Actual | FY13 Actual vs. FY12 Actual | FY11 Actual |
|--------------------------------|-------------|-------------|--------------------------------|-------------|
| Gross proceeds (\$000) | 79,274 | 57,739 | 37.3% | 37,259 |
| Villas | 204 | 117 | 74.4% | 62 |
| Apartments | 18 | 36 | -50.0% | 28 |
| Care Apartments | 6 | 14 | -57.1% | 18 |
| Total occupation rights | 228 | 167 | 36.5% | 108 |



RESALES OF OCCUPATION RIGHTS

RESALES OF 174 OCCUPATION RIGHTS VERSUS FY12 OF 164

- Realised resale gains up on FY12:
 - Total realised resale gains: \$9.7m, up 6.6% over FY12
 - Occupation rights resold: 174, up 6.1% on FY12
 - Average net cash per unit \$91.2k, up from \$87.1k in FY12
- 25 resale occupation rights available for sale at 31 December 2013

| | FY13 Actual | FY12 Actual | FY13 Actual vs. FY12 Actual | FY11 Actual |
|--------------------------------|-------------|-------------|--------------------------------|-------------|
| Gross proceeds (\$000) | 51,602 | 44,514 | 15.9% | 31,966 |
| Realised resale gains (\$000) | 9,671 | 9,073 | 6.6% | 7,535 |
| DMF realisation | 6,199 | 5,215 | 18.9% | 3,932 |
| Villas | 105 | 93 | 12.9% | 67 |
| Apartments | 34 | 38 | -10.5% | 22 |
| Care Apartments | 35 | 33 | 6.1% | 34 |
| Total occupation rights | 174 | 164 | 6.1% | 123 |



OPERATIONS AND STAFF

FOCUS ON CLINICAL QUALITY AND STAFF TRAINING

- NZQA recognised training framework for all Summerset Caregivers – National Certificate in Health, Disability and Aged Support
- Stepping Up programme - increased pay for qualified staff
- Clinical quality and internal audit framework
- Annual staff awards – Applause Awards





FINANCIAL RESULTS





FY13 REPORTED PROFIT (IFRS)

NET PROFIT AFTER TAX UP 131% VERSUS FY12

- FY13 operating revenue up 19% versus FY12
- FY13 operating expenses up 14% versus FY12
 - Includes one-off ASX listing related fees of \$0.5m
 - Includes costs of operating developing sites
- Fair value movement of investment property up 97% versus FY12:
 - Includes an \$8.4m fair value gain on greenfield land held in Auckland - \$7.8m relates to Hobsonville vacant land settled to date (lot 1). Hobsonville lot 2 expected to be settled in FY14
- Tax credit includes a \$2.2m income tax credit relating to first time booking of tax losses held post Quadrant sell down

| NZ\$000 | FY13 Actual | FY12 Actual | <i>FY13 Actual vs. FY12 Actual</i> | FY11 Actual |
|--|---------------|---------------|--|--------------|
| Total revenue | 45,208 | 38,120 | 18.6% | 33,703 |
| Fair value movement of investment property | 29,722 | 15,128 | 96.5% | 5,841 |
| Reversal of land and buildings impairment | - | - | - | 278 |
| Total income | 74,930 | 53,248 | 40.7% | 39,822 |
| Total expenses | 38,566 | 33,938 | 13.6% | 29,814 |
| Net finance costs | 4,609 | 4,896 | -5.9% | 5,644 |
| Net profit before tax | 31,755 | 14,414 | 120% | 4,364 |
| Tax (credit)/ expense | (2,468) | (407) | 506% | 40 |
| Net profit after tax | 34,223 | 14,821 | 131% | 4,324 |



FY13 UNDERLYING PROFIT

UNDERLYING PROFIT \$22.2M UP 46% VERSUS FY12

- Strong underlying profit performance
- Realised gain on resales up 6.6%
- Strong growth in development margin of 52.2%
- \$2.2m tax credit relating to first time booking of tax losses reversed out of underlying profit

| NZ\$000 | FY13 Actual | FY12 Actual | FY13 Actual vs. FY12 Actual | FY11 Actual |
|---|---------------|---------------|-----------------------------|--------------|
| Reported profit after tax | 34,223 | 14,821 | 131% | 4,324 |
| Less fair value movement of investment property | (29,722) | (15,128) | 96.5% | (5,841) |
| Less reversal of impairment of land and buildings | - | - | - | (278) |
| Add realised gain on resales | 9,671 | 9,073 | 6.6% | 7,535 |
| Add realised development margin | 10,450 | 6,864 | 52.2% | 2,300 |
| Less/add deferred tax credit/expense | (2,468) | (407) | 506% | 40 |
| Underlying profit | 22,154 | 15,223 | 45.5% | 8,080 |

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. 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.



FY13 CASH FLOWS

NET OPERATING CASH FLOW \$88.5M UP 34% VERSUS FY12

- Strong operating cash performance, largely driven by sales of occupation rights
- Development build cash outflow up 44% on FY12 as increasing number of sites under construction as well as several main buildings completed or underway
- Dividend paid in March 2013 for a total of \$5.3m

| NZ\$000 | FY13 Actual | FY12 Actual | FY13 Actual vs. FY12 Actual | FY11 Actual |
|---|------------------|-----------------|--------------------------------|-----------------|
| Care fees and village services | 31,797 | 27,391 | 16.1% | 25,093 |
| Interest received | 209 | 159 | 31.4% | 192 |
| Payments to suppliers and employees | (36,910) | (32,541) | 13.4% | (28,716) |
| Net receipts for resident loans | 93,494 | 71,245 | 31.2% | 47,115 |
| Net operating cash flow | 88,590 | 66,254 | 33.7% | 43,684 |
| Acquisition of PPE & IP | (108,070) | (75,017) | 44.1% | (49,840) |
| Other investing cash flows | (1,463) | (1,903) | -23.1% | (2,169) |
| Net investing cash flow | (109,533) | (76,920) | 42.4% | (52,009) |
| Proceeds from / (repayment of) bank loans | 27,109 | 9,041 | 200% | (31,092) |
| Dividends paid | (5,342) | - | N/A | - |
| Proceeds from issue of shares | 3,705 | - | N/A | 48,795 |
| Other financing cash flows | (4,270) | (4,577) | -6.7% | (5,153) |
| Net financing cash flows | 21,202 | 4,464 | 375% | 12,550 |
| Net increase in cash | 259 | (6,202) | N/A | 4,225 |



FY13 BALANCE SHEET

TOTAL ASSETS OF \$845M UP 20% FROM \$702M IN FY12

- Net asset growth of 13.3% from FY12
- Investment property valuation of \$776.6m
- Other assets include land and buildings (primarily care facilities)
- Embedded value of \$147m, \$79k per unit, as at 31 December 2013:
 - \$86m capital gain
 - \$62m deferred management fee

| NZ\$000 | FY13 Actual | FY12 Actual | FY13 Actual vs. FY12 Actual | FY11 Actual |
|--------------------------|----------------|----------------|--------------------------------|----------------|
| Investment property | 776,637 | 644,506 | 20.5% | 557,140 |
| Other assets | 68,295 | 57,833 | 18.1% | 59,754 |
| Total assets | 844,932 | 702,339 | 20.3% | 616,894 |
| Residents' loans | 414,226 | 336,133 | 23.2% | 278,408 |
| Bank loans | 105,268 | 78,162 | 34.7% | 69,121 |
| Other liabilities | 43,526 | 39,250 | 10.9% | 35,941 |
| Total liabilities | 563,020 | 453,545 | 24.1% | 383,470 |
| Net assets | 281,912 | 248,794 | 13.3% | 233,424 |
| | | | | |
| Embedded value | 147,326 | 124,123 | 43.2% | 119,532 |
| NTA (cents per share) | 131 | 116 | 12.7% | 109 |



DIVIDEND





FY13 FINAL DIVIDEND

SUMMERSET BOARD DECLARES FY13 FINAL DIVIDEND

- The Summerset Board have declared a final dividend of 3.25 cents per share, unimputed, up 30% on FY12
- This represents a total payout of approximately \$7.0m compared with the \$5.4m paid out for the FY12 year
- The dividend reinvestment plan (DRP) will apply to this dividend enabling shareholders to take shares in lieu of the dividend
- A discount of 2% will be applied when determining the price per share of shares issued under the DRP. No discount was applied to the FY12 dividend
- Eligible investors wishing to take up the DRP must register by 5pm on the 11th of March. Any applications received on or after this time will be applied to subsequent dividends
- The final dividend will be paid on 24 March 2014. The record date for final determination of entitlements to the final dividend is 11 March 2014
- The Board has indicated it is likely to move to a semi-annual dividend in 2014, commencing following the 1H14 financial results



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

 **Summerset**



PORTFOLIO AS AT 31 DECEMBER 2013

1,855 RETIREMENT UNITS AND 442 CARE BEDS

| | Existing Portfolio – as at 31 December 2013 | | | | |
|------------------|---|------------|-----------------|------------------------|------------|
| | Villas | Apartments | Care Apartments | Total Retirement Units | Care Beds |
| Aotea | 96 | 33 | 38 | 167 | - |
| Dunedin | 61 | - | - | 61 | - |
| Hamilton | 74 | - | 10 | 84 | 30 |
| Hastings | 146 | 5 | - | 151 | - |
| Havelock North | 94 | 28 | - | 122 | 41 |
| Katikati | 23 | - | - | 23 | - |
| Levin | 64 | 22 | - | 86 | 28 |
| Manukau | 89 | 92 | 2 | 183 | 52 |
| Napier | 94 | 26 | 20 | 140 | 48 |
| Nelson | 134 | - | - | 134 | 42 |
| Palmerston North | 90 | 12 | - | 102 | 41 |
| Paraparaumu | 92 | 22 | - | 114 | 41 |
| Taupo | 94 | 34 | 18 | 146 | - |
| Trentham | 92 | 12 | 20 | 124 | 41 |
| Wanganui | 70 | 18 | 12 | 100 | 37 |
| Warkworth | 108 | 2 | 8 | 118 | 41 |
| Total | 1,421 | 306 | 128 | 1,855 | 442 |



LAND BANK AS AT 31 DECEMBER 2013

LAND BANK OF 2,116 RETIREMENT UNITS AND 595 CARE BEDS

| | Land Bank - as at 31 December 2013 * | | | | |
|--------------|--------------------------------------|------------|-----------------|------------------------|------------|
| | Villas | Apartments | Care Apartments | Total Retirement Units | Care Beds |
| Casebrook | 195 | - | 38 | 233 | 80 |
| Dunedin | - | 20 | 20 | 40 | 42 |
| Ellerslie | 50 | 150 | 50 | 250 | 80 |
| Hamilton | 108 | 40 | 10 | 158 | 19 |
| Hobsonville | 125 | 70 | 30 | 225 | 90 |
| Karaka | 115 | 24 | 20 | 159 | 49 |
| Katikati | 133 | 20 | - | 153 | 49 |
| Lower Hutt | 25 | 172 | 20 | 217 | 40 |
| Nelson | 80 | - | 40 | 120 | 47 |
| New Plymouth | 108 | - | 40 | 148 | 49 |
| Trentham | 134 | - | 20 | 154 | - |
| Warkworth | 15 | - | 32 | 47 | - |
| Wigram | 159 | - | 53 | 212 | 50 |
| Total | 1,247 | 496 | 373 | 2,116 | 595 |

* Land bank reflects current intentions as at 31 December 2013.