Full year results presentation

Year ended 31 December 2017

Summerset Group Holdings Limited

23 February 2018

Agenda

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2 Business overview

3 Financial results

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FY17 result highlights

FY17 result highlights

Another record full year profit for Summerset

		FY17	FY16	*YOY change*	FY15
Financial (NZ$m)	Net profit before tax (IFRS)	223.7	145.6	*54%*	82.8
	Net profit after tax (IFRS)	223.4	145.5	*54%*	84.2
	Underlying profit*	81.7	56.6	*44%*	37.8
	Total assets	2,216	1,707	*30%*	1,364
	Net operating cash flow	207.7	192.6	*8%*	140.3
Operational	New sales of occupation rights	382	414	*-8%*	333
	Resales of occupation rights	300	244	*23%*	245
	Total sales of occupation rights	**682**	**658**	***4%***	**578**
	New retirement units delivered	450	409	*10%*	303

** Underlying profit differs from NZ IFRS reported profit after tax. The measure has been audited by Ernst & Young. Refer to the appendix for a reconciliation between the two measures, and note 2 of the financial statements for detail on the components of underlying profit*

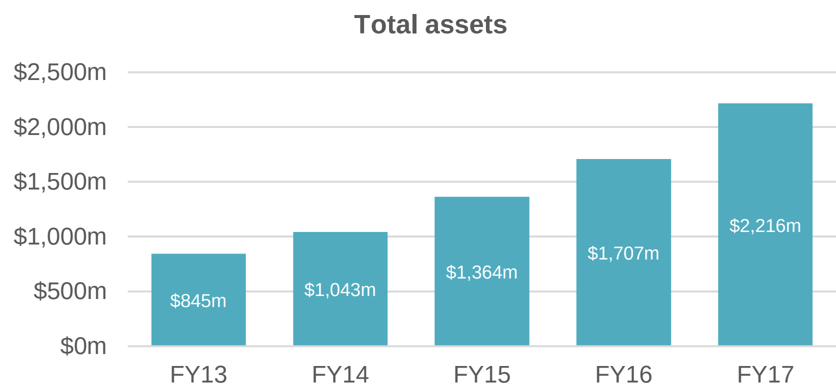
FY17 result highlights

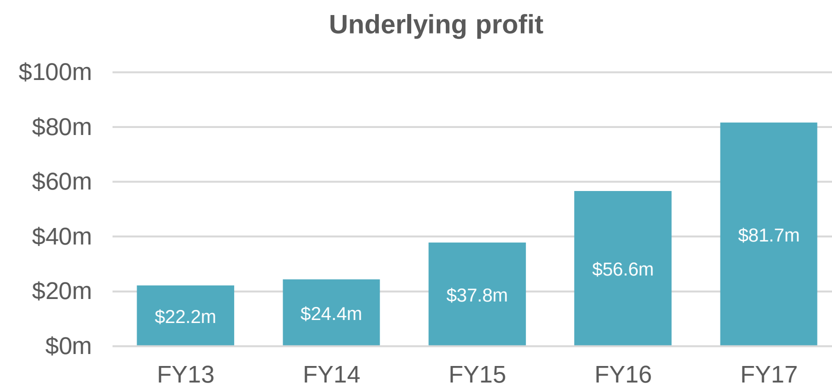
Record full year profit for Summerset

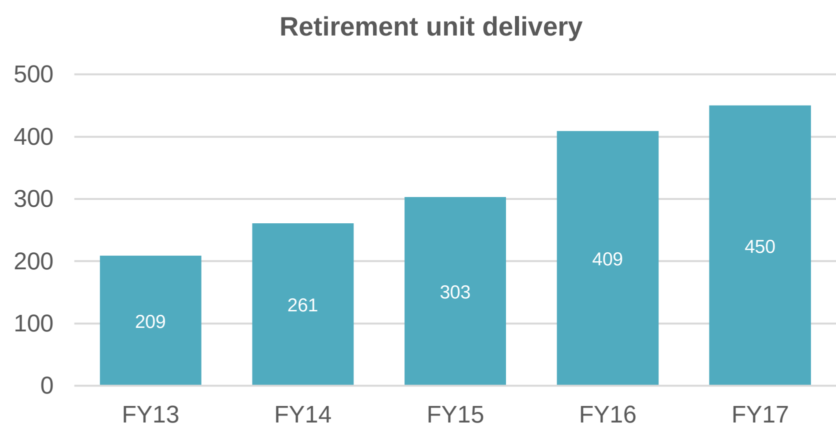
- FY17 net profit after tax (NZ IFRS) of $223.4m, up 54% on FY16
- FY17 underlying profit of $81.7m, up 44% on FY16 – record full year profit
- Tracked ahead of our $77.0m to $79.0m guidance with better than expected resale settlements, stronger than expected margins on both new and resale settlements, and positive year-end valuation impacts relating to retail bonds
- 382 new sales with delivery of 171 retirement units in 1H17 and 279 retirement units in 2H17 for a total of 450 new retirement units in FY17
- Record development margin of 27.3%, up from 22.2% in FY16
- 300 resales, a full year record, up from 244 in FY16
- Resale gain of 21.7%, up from 18.6% in FY16
- Final dividend of 7.1 cents per share declared, amounting to $15.9m
- Total dividends for the 2017 year (interim and final) of 11.0 cents per share, amounting to $24.6m
- Operating cash flow of $207.7m, and gearing ratio down to 30.7%
- Total assets now over $2.2b, up 30% on FY16

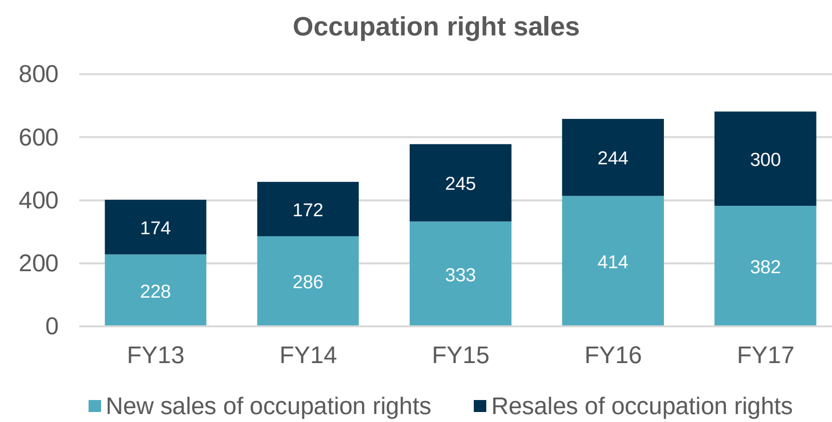
FY17 result highlights

Strong trends continue across the business









Business overview

Summerset snapshot

Second largest retirement village developer in New Zealand

- 20 years of consistent delivery and growth
- Listed on the NZX in 2011, and the ASX in 2013
- Balance sheet growth of 259% since listing
- 3,278 retirement units (villas, apartments, serviced apartments and memory care apartments) and 806 care beds
- More than 4,700 residents
- 23 operating villages completed or under development
- Six greenfield sites at Avonhead, Kenepuru, Lower Hutt, Parnell, Richmond, and St Johns
- Land bank of 2,841 retirement units as at 31 December 2017
- Four-time winner of Best Retirement Village Operator at the Australasian Over 50s Housing Awards
- Received a Highly Commended in the Reader's Digest Trusted Brands Survey three years running, from 2015-2017

FY17 review

450 retirement units delivered, record underlying profit of $81.7m

- Celebrated our 20th anniversary year
- Completed the Ellerslie main building and delivered final retirement units in Hamilton and New Plymouth
- Received the New Zealand Aged Care Association's Best Built Environment award for the innovative Levin memory care centre
- Construction and earthworks underway on Casebrook and Rototuna villages, with first retirement unit delivery expected in FY18
- Successfully raised $100.0m of retail bonds to provide further funding diversification and tenor
- Total debt facilities lifted from $450.0m to $600.0m (inclusive of retail bonds)
- Undrawn bank facility capacity of $252.2m at 31 December 2017
- Announced new land acquisitions in Avonhead (Christchurch), Kenepuru (Wellington), and additional land in Casebrook (Christchurch)
- Summerset finance team awarded Finance Team of the Year award at the 2017 CFO Awards

Underlying profit differs from NZ IFRS reported profit after tax. The measure has been audited by Ernst & Young. Refer to the appendix for a reconciliation between the two measures, and note 2 of the financial statements for detail on the components of underlying profit

Summerset strategy

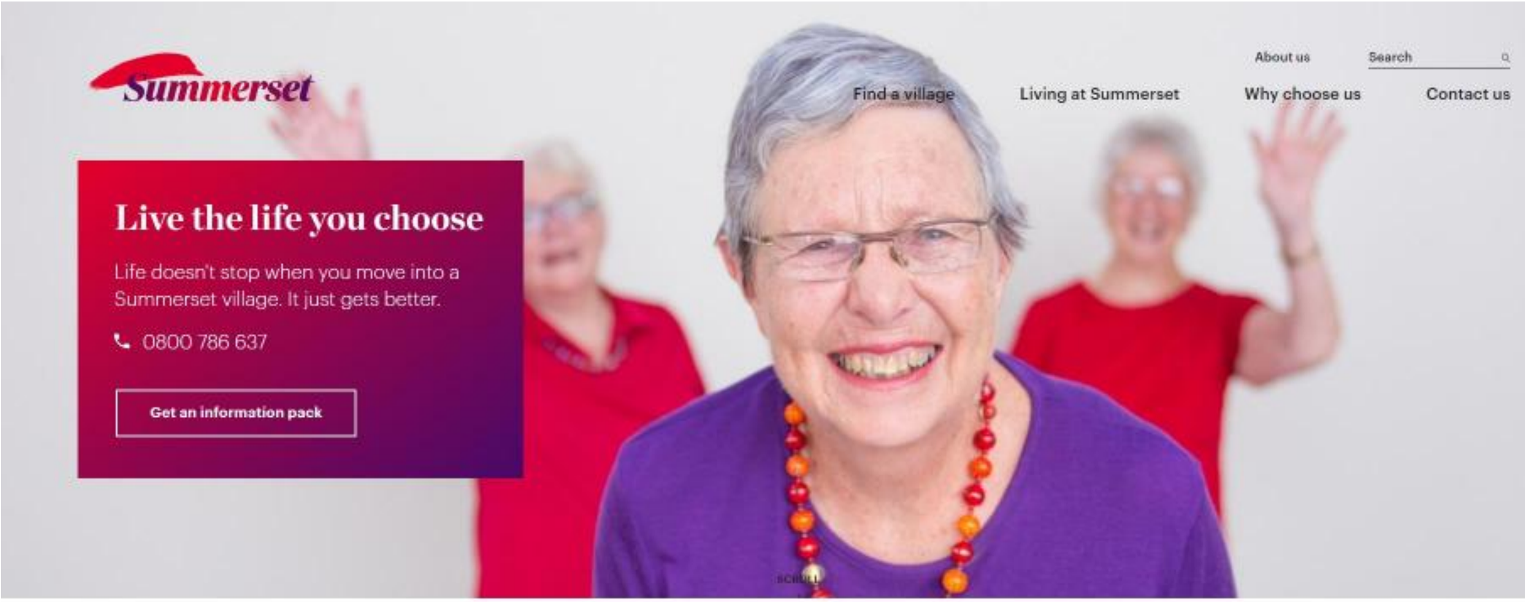
Summerset builds, owns and operates retirement villages across New Zealand

- Focus on continuum of care model
- High quality care and facilities across all villages
- Villages designed to integrate into local communities
- Internal development and construction model
- Nationwide brand offering
- Customer centric philosophy – bringing the best of life
- Investigation of expansion into Australia continuing with GM Development transferring to lead this

Operations and staff

Focus on staff initiatives and systems and process improvements

- 97% care customer satisfaction rating and 97% village customer satisfaction rating
- Focused on food offering to residents – introducing new providers in FY18
- New Summerset brand established, quarterly magazine and website completed, positive feedback from residents and prospects
- Strong certification audit results continue with ten care centres achieving three years', and four care centres awarded the maximum four years' certification
- Strengthened staff engagement; results now in top quarter for Australia and New Zealand (AON Hewitt)
- Second year of the all staff share scheme with 83% of our employees signing up. New staff benefits scheme launched, includes health insurance and funeral cover. New staff uniforms to be introduced in FY18
- Pay equity decision, largely funded by Government, is a positive outcome for our caregivers
- Continuing to invest in Health and Safety systems – implemented a risk management framework across the company and achieved ACC accredited employer status
- Successfully implemented new asset management system across all villages
- Rollout of VCare customer management system underway for village operations. Care operations to commence in FY18 - will include iPad interface for all care staff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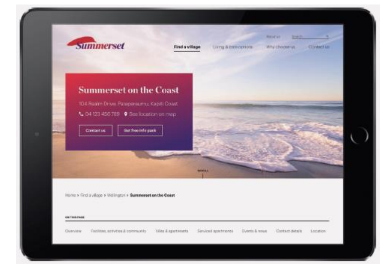
Summerset
Summerset on the Coast


Summerset
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BIRTHDAY


Enjoy a coffee and muffin or slice on us.
Redeem this voucher at Divine Café to enjoy a complimentary drink and either a muffin or slice. We look forward to seeing you soon.
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Casebrook


Ellerslie


Ellerslie


Nelson


Hobsonville


Ellerslie


Hobsonville

FY17 development activity

Delivery of 450 retirement units in FY17 across nine sites

Unit delivery FY17	Villas	Apartments	Serviced apartments	Total retirement units	Total care beds
Ellerslie	22	23	57	102	58
Hamilton	14	-	30	44	-
Hobsonville	8	24	11	43	-
Karaka	33	-	39	72	-
Katikati	41	-	-	41	-
New Plymouth	32	-	20	52	-
Trentham	33	-	-	33	-
Warkworth	25	-	-	25	-
Wigram	38	-	-	38	-
Total	**246**	**47**	**157**	**450**	**58**

- 450 retirement units delivered across nine villages – 171 in 1H17 and 279 in 2H17
- Completed main buildings and serviced apartment modules in Ellerslie, Hamilton, Karaka, and New Plymouth
- Hamilton and New Plymouth villages fully completed
- Construction and earthworks underway on Casebrook and Rototuna villages

FY17 development activity

Delivery of 450 retirement units in FY17 across nine sites

FY17 development activity

Delivery of 450 retirement units in FY17 across nine sites

Future development

Land bank of 2,841 retirement units and 396 care beds

Land bank - as at 31 December 2017*

Village	Villas	Apartments	Serviced & memory care apartments	Total retirement units	Total care beds
Avonhead	156	12	98	266	43
Casebrook	260	12	76	348	43
Ellerslie	8	196	-	204	-
Hobsonville	10	36	41	87	52
Karaka	71	-	-	71	-
Katikati	38	-	-	38	-
Kenepuru	100	93	106	299	43
Lower Hutt	42	96	43	181	49
Parnell	-	264	76	340	48
Richmond	234	-	76	310	43
Rototuna	187	-	76	263	43
St Johns	-	236	76	312	32
Trentham	-	-	20	20	-
Warkworth	54	-	-	54	-
Wigram	48	-	-	48	-
Total	**1,208**	**945**	**688**	**2,841**	**396**

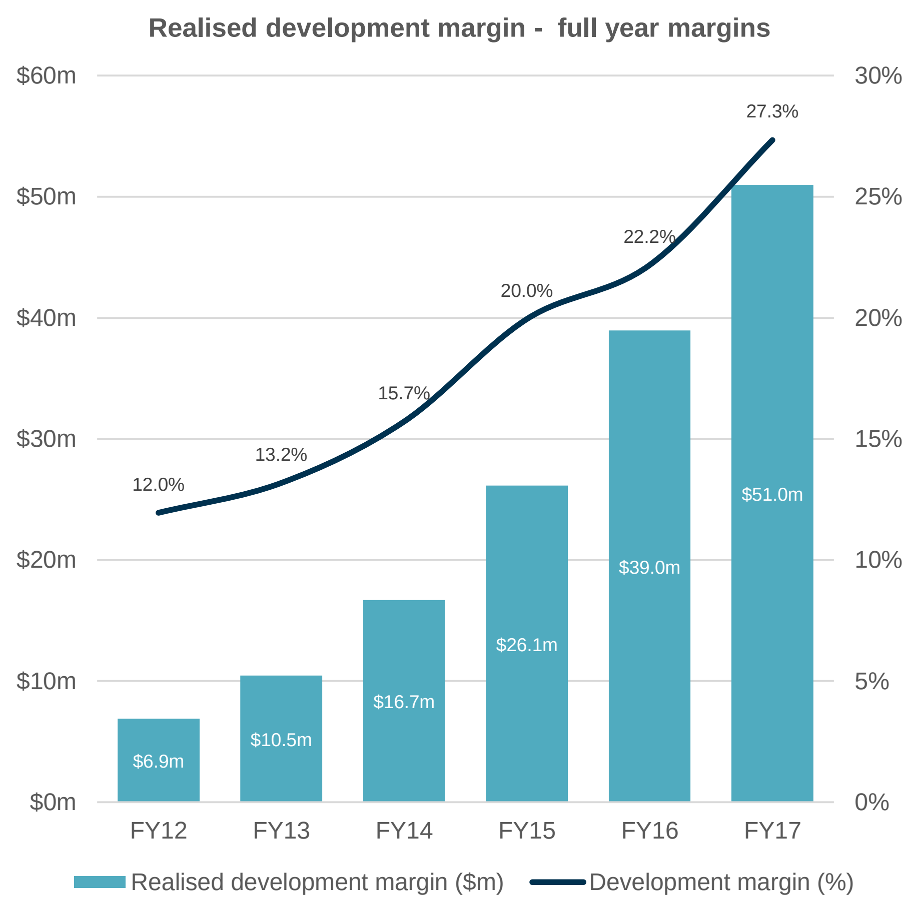
- Land bank of 2,841 retirement units spread across brownfield and greenfield sites
- Targeting delivery of around 450 retirement units in FY18. Land bank provides around six years of supply at FY18 build rate

** Land bank reflects current intentions as at December 2017*

Development margin

Record development margin of 27.3% with a realised margin of $51.0m

- Record development margin achieved in FY17 with strong margins across all villages that settled new retirement units within the year
- Realised development margin of $51.0m, up 31% from $39.0m in FY16
- Development margin of 27.3% in FY17, this is up from 22.2% in FY16
- Benefits of in-house design and construction teams continue to be realised
- Continuing to see good development margins coming out of our regional villages with the average margin across our non-Auckland sites being around 28% for the year
- Sales of new occupation rights were predominately in regional New Zealand with 39% in our Auckland region villages and 61% across the rest of our developing villages



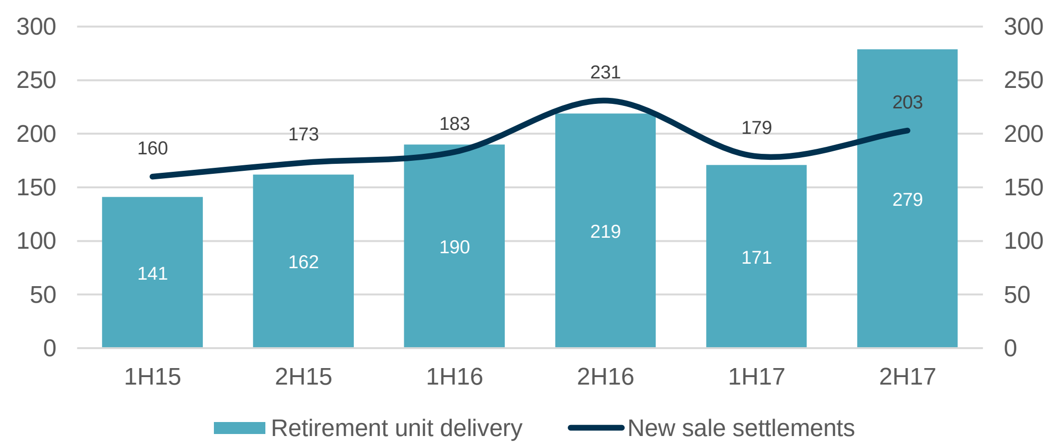
New sales of occupation rights

New sales gross proceeds of $186.4m across 382 settlements

- New sales gross proceeds of $186.4m in FY17
- New sales of occupation rights slightly down versus FY16:
    - Villas: 235, down 20% on FY16
    - Apartments: 29, up 93% on FY16
    - Serviced apartments: 111, up 7% on FY16
    - Memory care apartments: 7, up 250% on FY16
- Lower new sales driven by timing differences. Compared to FY16 we opened with five less units in stock and we delivered 60 more units in the second half leaving less time to settle units
- Comfortable with how sales tracked, continue to see strong demand with good waitlist numbers, presales are tracking well, and days to settle improved through the year
- Although there was a higher proportion of serviced and memory care apartments in FY17, the average gross proceeds per new sale settlement achieved of $488k was up on FY16 ($424k) and FY15 ($393k)

New sales	FY17	FY16	*YOY change*	FY15
Gross proceeds ($m)	186.4	175.6	*6%*	131.0
Villas	235	293	*-20%*	279
Apartments	29	15	*93%*	5
Serviced apartments	111	104	*7%*	49
Memory care apartments	7	2	*250%*	0
Total occupation rights	**382**	**414**	***-8%***	**333**

New sales and retirement unit delivery



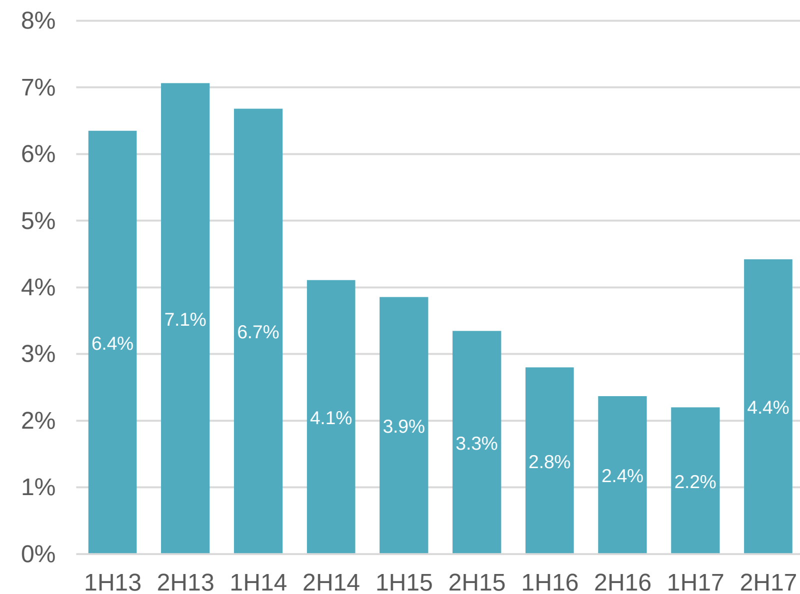
New sales stock

New sales stock up but still historically low on a relative basis

- Uncontracted new sales stock of 145 retirement units at FY17, up from 67 at FY16. Uplift driven by deliveries being weighted to the second half (up 27% on FY16) and a large number of serviced apartment deliveries in the second half. On average, the uncontracted villa and apartment new sales stock have only been available to settle for two months
- Serviced apartments, a needs based product, make up the majority of new sales stock with 95 deliveries in the second half of the year
- Historically still a low level of new sales stock with uncontracted new sales stock making up 4.4% of our total retirement unit portfolio, this compares to over 6% four years ago

New sales stock	FY17	FY16	FY15
Contracted	59	69	60
Uncontracted	145	67	81
Total new sales stock	**204**	**136**	**141**
Contracted	26	44	52
Uncontracted	41	12	62
Villas	**67**	**56**	**114**
Contracted	5	0	0
Uncontracted	14	1	3
Apartments	**19**	**1**	**3**
Contracted	28	25	8
Uncontracted	90	54	16
Serviced & memory care apartments	**118**	**79**	**24**

Available new sales stock*



** Uncontracted new sales stock as a proportion of the total retirement unit portfolio at balance date*

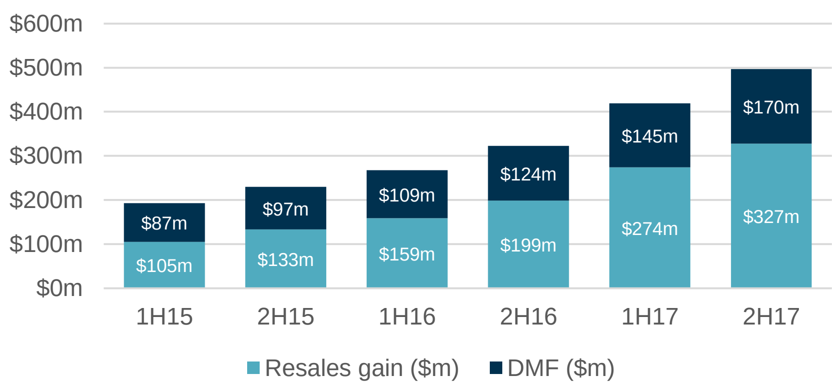
Resales of occupation rights

Resales of 300 occupation rights in FY17

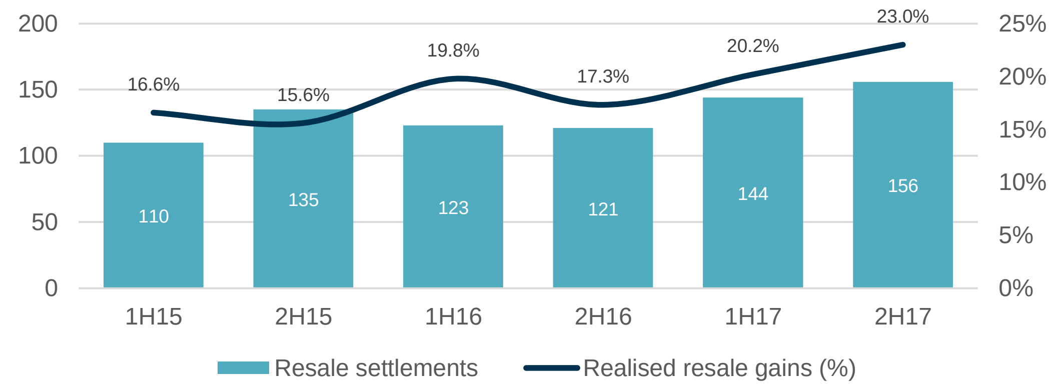
- Resale of 300 occupation rights in FY17, an increase of 23% on FY16
- Gross proceeds of $114.9m, up 38% on FY16
- Realised resale gain of 21.7%
- Embedded value up to $152k per retirement unit, as at 31 December 2017, up from $114k as at 31 December 2016
- Embedded resale gain of $100k per retirement unit, up from $70k as at 31 December 2016

Resales	FY17	FY16	*YOY change*	FY15
Gross proceeds ($m)	114.9	83.1	*38%*	77.0
Realised resale gains ($m)	24.9	15.4	*62%*	12.3
Realised resale gains (%)	21.7%	18.6%	*17%*	16.0%
DMF realisation ($m)	13.8	10.3	35%	9.4
Villas	172	142	*21%*	139
Apartments	46	44	*5%*	63
Serviced apartments	82	58	*41%*	43
Memory care apartments	0	0	*N/A*	0
Total occupation rights	**300**	**244**	***23%***	**245**

Embedded value



Realised resale gain and volume



Resales stock

Resales stock levels continue to sit at record lows

- Resales stock remains low with 63 retirement units under contract and 47 retirement units uncontracted at FY17
- Resales stock is up on FY16, we experienced a historically high number of terminations over the second half of the year – provides good opening inventory levels to sell down in FY18. We continue to see good demand for resale units across all villages
- As a proportion of our total retirement unit stock, uncontracted resales stock makes up 1.4%

Resales stock	FY17	FY16	FY15
Contracted	63	56	47
Uncontracted	47	29	36
Total resales stock	**110**	**85**	**83**
Contracted	37	29	34
Uncontracted	24	17	13
Villas	**61**	**46**	**47**
Contracted	9	9	5
Uncontracted	5	4	7
Apartments	**14**	**13**	**12**
Contracted	17	18	8
Uncontracted	18	8	16
Serviced & memory care apartments	**35**	**26**	**24**

** Uncontracted resales stock as a proportion of the total retirement unit portfolio at balance date*

Summerset

Financial results

FY17 reported profit (IFRS)

Net profit after tax up 54% versus FY16

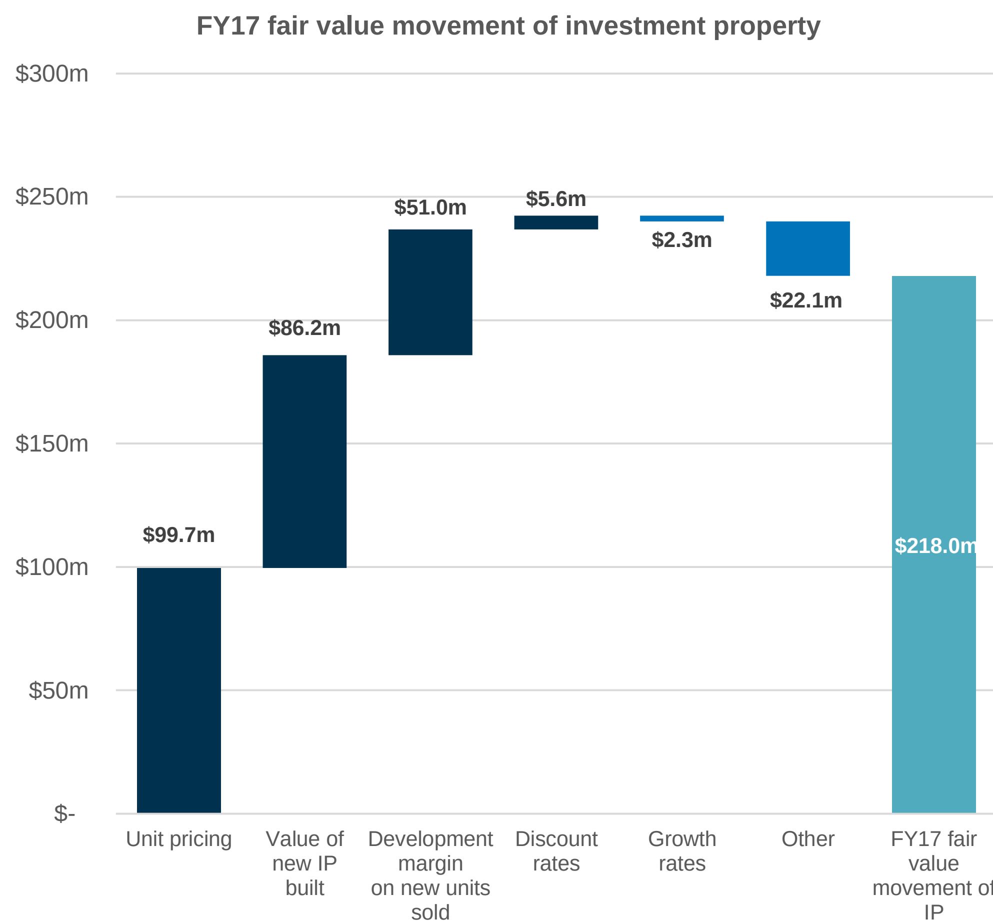
- Record NPAT of $223.4m, up $78.0m or 54% relative to FY16
- NPAT has seen an annual compounded increase of 93% since we listed in 2011
- Strong growth in investment property fair value movements with $218.0m for FY17 – refer to next slide for further details
- FY17 expenses are driven from a mix of growth in developing villages, some additional operating costs in existing villages and project-related costs as we enhance systems and processes
- Net finance costs of $11.5m are up 27% relative to FY16 due to higher gross debt balance, re-financing of banking facilities, and issuance of retail bond facility

NZ$m	FY17	FY16	*YOY change*	FY15
Total revenue	110.5	86.1	*28%*	68.8
Reversal of impairment on land & buildings	0.0	-	*N/A*	-
Fair value movement of investment property	218.0	143.5	*52%*	83.5
Total income	**328.5**	**229.5**	***43%***	**152.2**
Total expenses	93.2	74.8	*25%*	61.1
Net finance costs	11.5	9.1	*27%*	8.4
Net profit before tax	**223.7**	**145.6**	***54%***	**82.8**
Tax expense / (credit)	0.3	0.2	*84%*	(1.5)
Net profit after tax	**223.4**	**145.5**	***54%***	**84.2**

Fair value movement

$218m fair value movement of investment property

- Fair value movement of $218.0m for FY17, up 52% on FY16
- Fair value movement has been driven by:
  - Retirement unit pricing ($99.7m): strong retirement unit price inflation on existing retirement units within the portfolio resulting in uplift in operators interest
  - Value of new investment property built ($86.2m): operator's interest on new retirement units delivered in FY17
  - Development margin ($51.0m): realised development margin on new retirement units sold in FY17
  - Discount rates ($5.6m) and growth rates ($2.3m): change in assumptions used by valuer
  - Other movements ($22.1m): changes in resident recycling profiles, and all other valuation assumptions
- Refer to the appendices (slide 43) for key assumptions associated with the investment property valuation



FY17 underlying profit

Underlying profit up 44% on FY16, 47% CAGR over last six years

- Record full year underlying profit of $81.7m, up 44% on FY16
- Uplift in profit driven by the continued benefits of bringing our design and development team in-house, coupled with the maturing nature of our operating business
- Tracked ahead of our $77.0m to $79.0m guidance with better than expected resale settlements, stronger than expected margins on both new and resale settlements, and positive year-end valuation impacts relating to retail bonds
- Realised development margin of $51.0m achieved in FY17, up from $39.0m in FY16 driven by a record high margin of 27.3%
- Realised gain on resales of $24.9m achieved in FY17, a record full year result, driven by a higher sales volume and strong sales price growth
- Underlying profit has seen an annual compounded increase of 47% since we listed in 2011

NZ$m	FY17	FY16	YoY change	FY15
Care fees and village services	74.5	57.8	*29%*	46.5
Deferred management fees	35.8	28.0	*28%*	21.8
Realised gain on resales	24.9	15.4	*62%*	12.3
Realised development margin	51.0	39.0	*31%*	26.1
Other income & interest received	0.2	0.2	*-26%*	0.5
Total income	**186.4**	**140.4**	***33%***	**107.2**
Operating expenses	88.6	71.1	*25%*	57.3
Depreciation and amortisation	4.6	3.7	*24%*	3.7
Net finance costs	11.5	9.1	*27%*	8.4
Total expenses	**104.7**	**83.9**	***25%***	**69.4**
Underlying profit	**81.7**	**56.6**	***44%***	**37.8**

Underlying profit differs from NZ IFRS reported 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 and has been audited by Ernst & Young. Underlying profit is an industry wide measure which the Group uses consistently across reporting periods. See note 2 of the financial statements for detail on the components of underlying profit

FY17 cash flows

Continued investment in new village builds

- Continuing to see benefits of maturing portfolio - net operating business cash flows up 67% from $15.7m in FY16 to $26.1m in FY17
- Cash flow from care fees and village services was up $15.2m on FY16
- Net receipts from resales was up $7.3m on FY16 with uplift in resale volume and margin
- Gross receipts from new sales was up on FY16 despite lower sales volume
- Investing cash flows were up $57.6m on FY16 with additional land purchases and continued investment in village developments
- Net proceeds from borrowings includes the $100m retail bond issuance within the year

NZ$m	FY17	FY16	*YOY change*
Net operating business cash flow	26.1	15.7	*67%*
Receipts for residents' loans - new sales	181.6	176.9	*3%*
Net operating cash flow	**207.7**	**192.6**	***8%***
Purchase of land	(27.8)	(18.5)	*51%*
Construction of new IP & care facilities	(213.1)	(168.1)	*27%*
Refurb of existing IP & care facilities	(4.7)	(3.3)	*40%*
Other investing cash flows	(6.1)	(5.0)	*23%*
Capitalised interest paid	(5.8)	(5.0)	*15%*
Net investing cash flow	**(257.5)**	**(199.9)**	***29%***
Net proceeds from borrowings	73.9	25.8	*187%*
Net dividends paid	(12.3)	(8.9)	*38%*
Other financing cash flows	(12.9)	(7.6)	*69%*
Net financing cash flow	**48.7**	**9.2**	***428%***

FY17 balance sheet

Total assets of $2.2b, up 30% from $1.7b in FY16

- Total assets of $2.2b, up 30% on FY16
- Retained earnings have increased from $289.1m as at 31 December 2016 to $492.6m as at 31 December 2017. This will continue to positively impact balance sheet strength and company gearing ratios
- Investment property valuation of $2.1b, up 29% on FY16
- Other assets include land and buildings (primarily care centres)
- Care centres valued as at 31 December 2017 (three yearly cycle)
- Embedded value of $497.1m, $152k per retirement unit, as at 31 December 2017:
  - $327.4m resale gains
  - $169.7m deferred management fees

NZ$m	FY17	FY16	*YOY change*	FY15
Investment property	2,058	1,591	*29%*	1,261
Other assets	158.2	115.4	*37%*	102.4
Total assets	**2,216**	**1,707**	***30%***	**1,364**
Residents' loans	966.6	801.3	*21%*	637.2
Face value of bank loans & bonds*	347.8	274.0	*27%*	248.2
Other liabilities	132.6	85.9	*54%*	68.3
Total liabilities	**1,447**	**1,161**	***25%***	**953.8**
Net assets**	**769.3**	**545.6**	***41%***	**409.8**
Embedded value	**497.1**	**322.6**	***54%***	**229.7**
NTA (cents per share)	**347.6**	**249.9**	***39%***	**188.5**

** Face value of drawn bank debt and retail bonds. Excludes capitalised and amortised bond issue costs, and fair value movement on hedged borrowings*

*** Net assets includes share capital, reserves, and retained earnings*

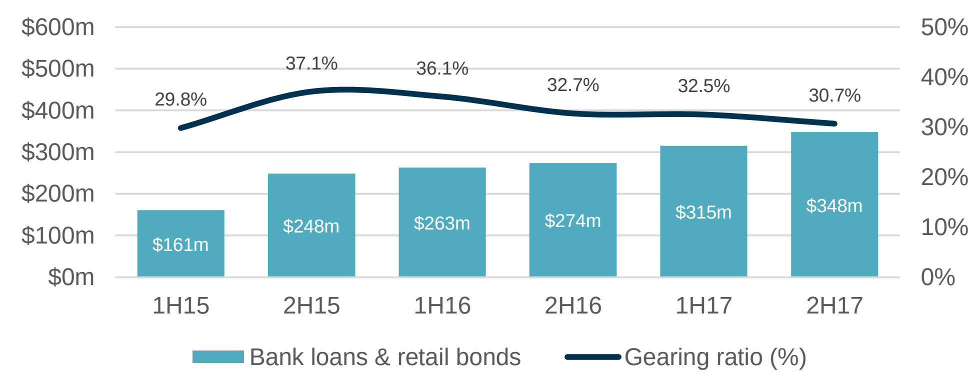
Gearing ratio

Gross debt of $348m* and gearing ratio of 30.7%

- Gross debt of $347.8m as at 31 December 2017, up $32.5m from 30 June 2017
- Uplift in gross debt principally due to settlement of land in Avonhead and Casebrook, and development spend in Ellerslie (main building and apartment block), Hobsonville main building, and civil works in Casebrook, Rototuna and Warkworth
- Successfully raised $100.0m of retail bonds to provide further funding diversification and tenor
- Bank facility of $500.0m with undrawn capacity of $252.2m at 31 December 2017
- Gearing ratio of 30.7% is down from 32.5% as at 30 June 2017
- Our new land purchase in Kenepuru, Wellington was not fully settled in FY17 – as such it is not fully reflected in the net debt figure

NZ$m	FY17	1H17	*Change*	FY16
Face value of bank loans & retail bonds*	347.8	315.3	*10%*	274.0
Cash and cash equivalents	(7.6)	(13.1)	*-42%*	(8.7)
Net debt	**340.3**	**302.2**	***13%***	**265.3**
Net assets	**769.3**	**627.6**	***23%***	**545.6**
Gearing ratio (%)**	**30.7%**	**32.5%**	***-6%***	**32.7%**
Bank & bond LVR (%)**	**31.4%**	**34.3%**	***-8%***	**34.0%**

Gross borrowings* and gearing ratio**



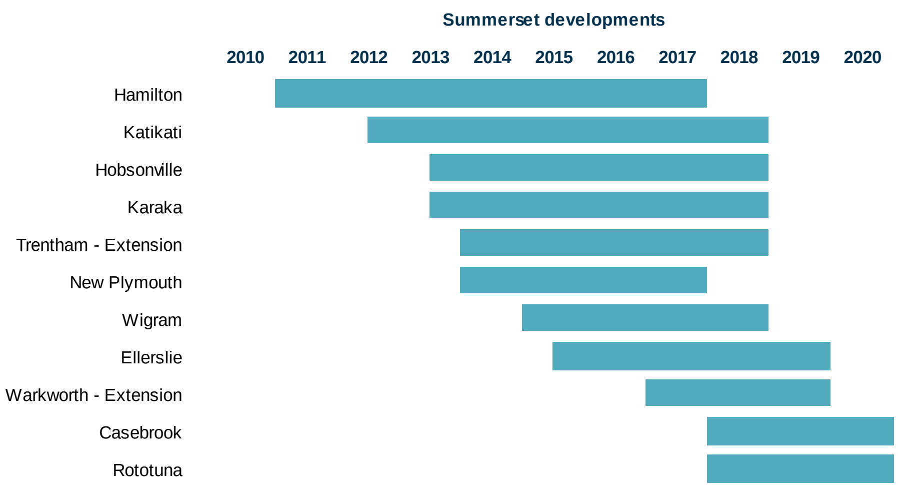
** Face value of drawn bank debt and retail bonds. Excludes capitalised and amortised bond issue costs, and fair value movement on hedged borrowings*

*** Gearing ratio calculation (net debt / net debt plus book equity) differs from the Summerset Group's bank and bond LVR covenant (Total Debt of the Summerset Group / Property Value of the Summerset Group)*

Project cash profits

Delivering significant positive cash flow villages

- Positive cash flows allow us to recycle our capital into future deliveries
- Our high rise sites require a large amount of capital but are forecast to deliver significant cash profits upon sell down of the village
- Our broad acre sites require a lower amount of capital, while all producing positive cash flows
- From the time construction of a village starts through to the last retirement unit being delivered takes, on average, around four to six years



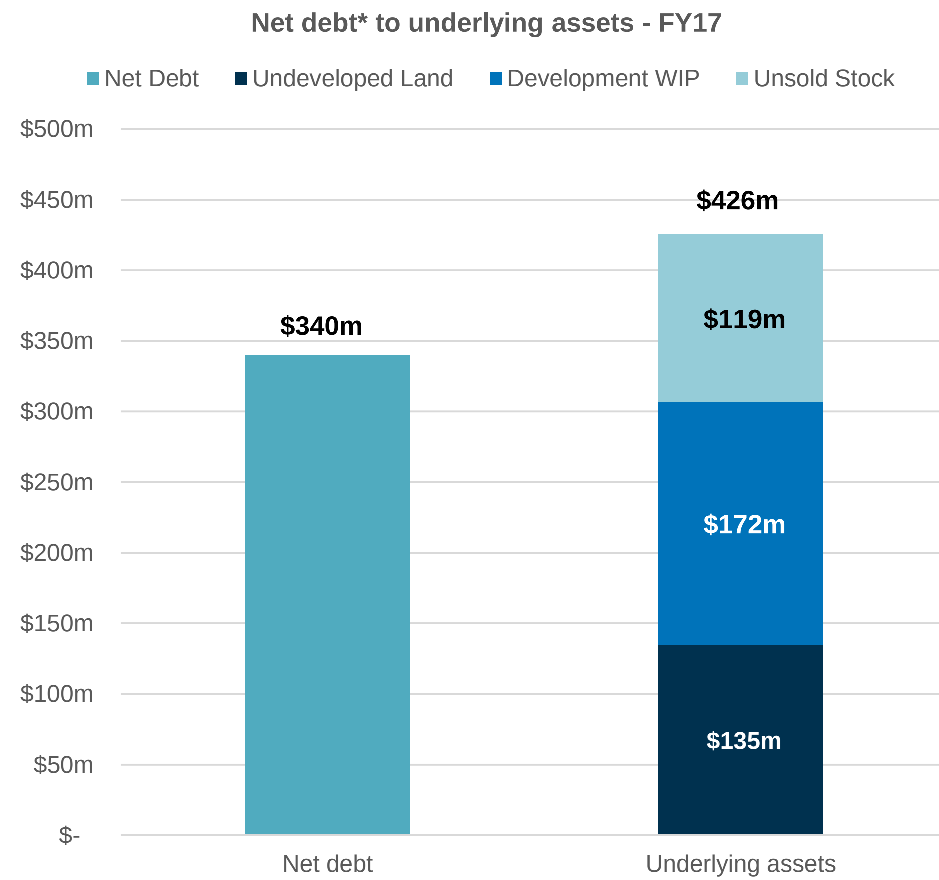
Village	Forecast Capital Investment ($m)	Forecast Net Cash Position* ($m)
Casebrook Ellerslie Hobsonville Karaka Rototuna	$100m +	$20m +
Hamilton Trentham - Extension Warkworth - Extension Wigram	$35m +	$5m - $20m
Katikati New Plymouth		$0m - $5m

**Forecast net position represents cash profits post land cost, retirement unit development costs, recreation and administration facility costs, care facility costs, management fees and interest costs*

Composition of drawn debt

Strong asset backing to net debt

- Development projects are debt funded. Development assets exceed the value of net debt by $85.3m or 25%
- All debt is associated with development activities
- Development assets could be realised to reduce debt
- Total underlying assets of around $425.5m are made up of:
  - Undeveloped land of $135.0m
  - Development WIP of $171.5m
  - Vacant new sale stock of $119.0m



** Face value of drawn bank debt and retail bonds*

Final dividend

FY17 final dividend

Summerset board declares FY17 final dividend

- The Summerset Board have declared a final dividend of 7.1 cents per share, unimputed. This compares to a 2016 final dividend of 5.1 cents per share
- This represents a pay-out for the second half of 2017 of approximately $15.9m
- Total dividends for the 2017 year (interim and final) of 11.0 cents per share, being approximately $24.6m, representing 30% of underlying profit and up 45% of FY16
- 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 Monday the 12th of March 2018. Any applications received on or after this time will be applied to subsequent dividends
- The final dividend will be paid on Thursday the 22nd of March 2018. The record date for final determination of entitlements to the final dividend is Friday the 9th of March 2018
- The dividend policy remains 30% to 50% of underlying profit for the full year period. As previously indicated, dividend payments are likely to continue to be at the bottom end of this range given the growth opportunities present for the business at this time

Questions?

Disclaimer

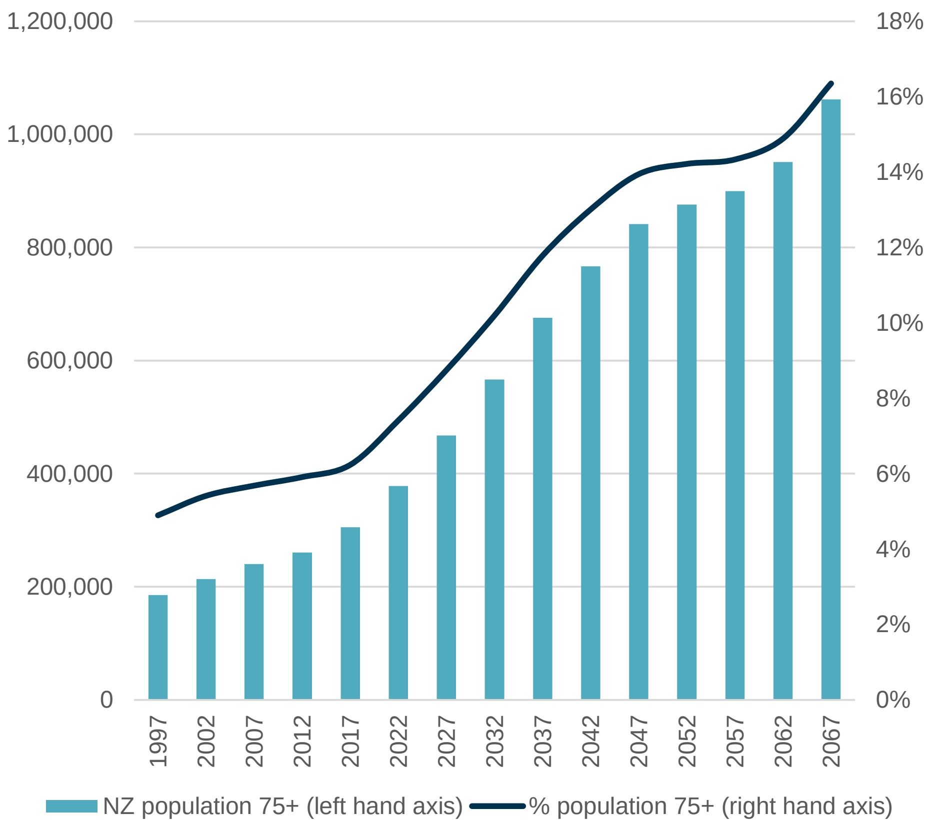
- This presentation may contain projections or forward looking statements regarding a variety of items. Such forward-looking statements are based upon current expectations and involve risks and uncertainties
- Actual results may differ materially from those stated in any forward looking statement based 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

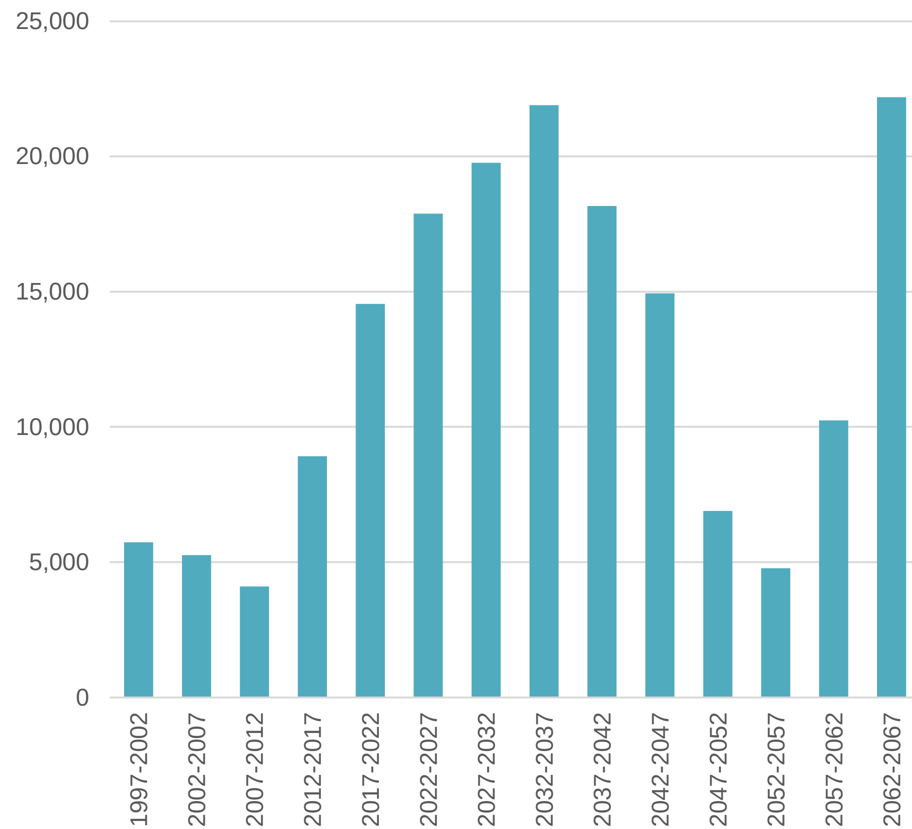
Demographics

Population over 75 years forecast to grow 254% from 2017 to 2068

Population growth 75 years and over



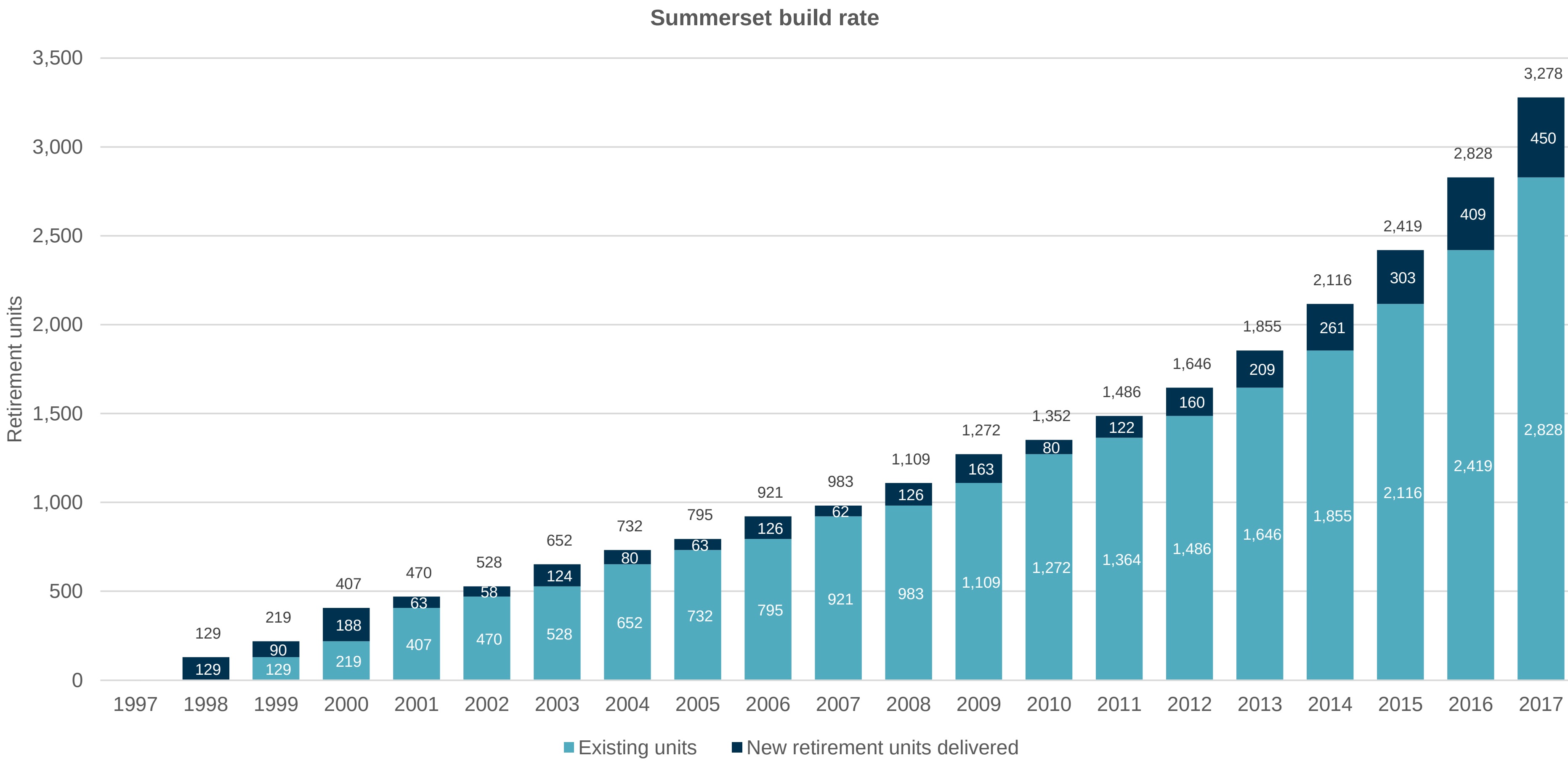
Per annum population growth 75 years and over



Source: Statistics New Zealand – National Population Projections

Summerset growth

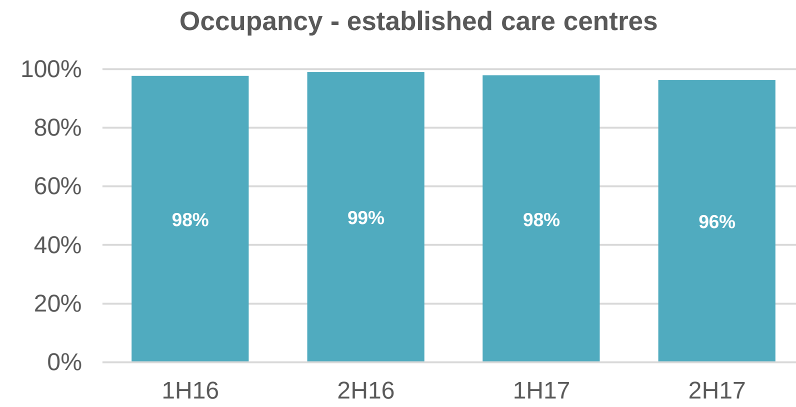
20 years of consistent delivery and growth

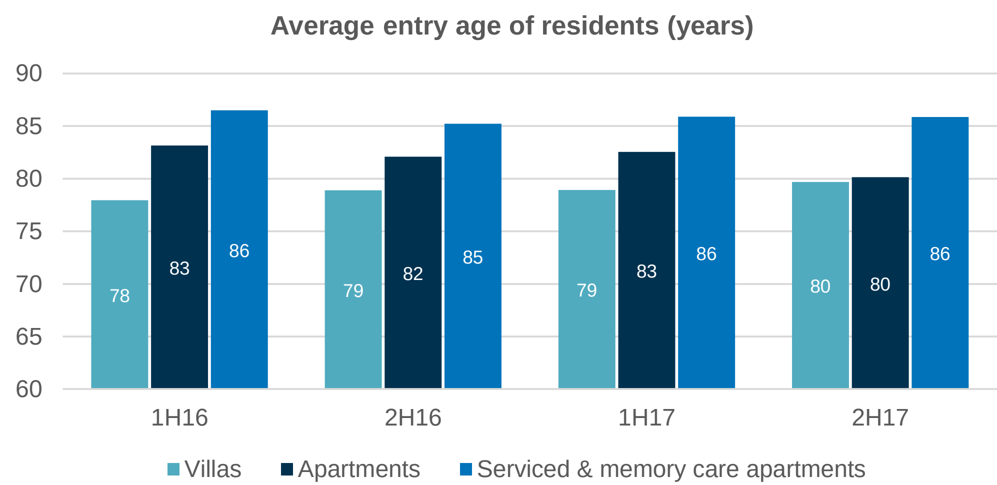


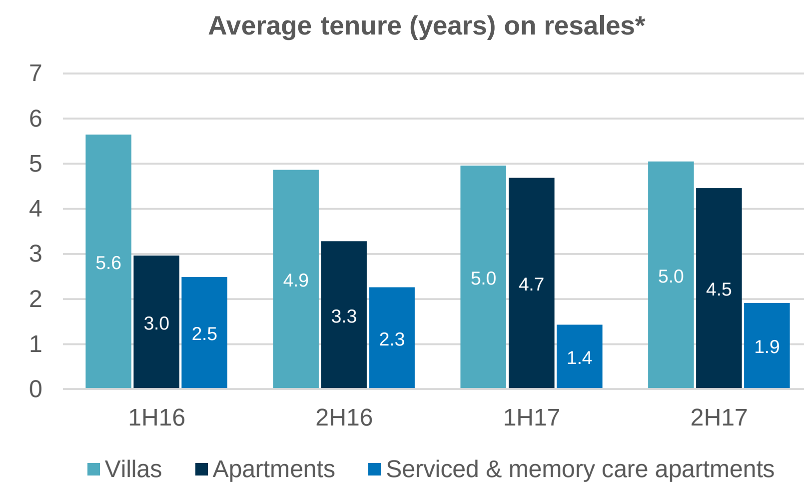
Customer profile & occupancy

Occupancy, tenure and resident demographic statistics

- Occupancy within our established care centres is stable with an average occupancy of 96% for 2H17
- Average tenure on 2H17 resale retirement units was 5.0 years for villas, 4.5 years for independent apartments, and 1.9 years for serviced and memory care apartments
- Average entry age on 2H17 new and resale retirement units was 80 years for villas and independent apartments, and 86 years for serviced and memory care apartments







** Average tenure has been calculated using the previous resident's occupancy on resales within the reporting period*

Portfolio as at 31 December 2017

3,278 retirement units and 806 care beds

Existing portfolio - as at 31 December 2017

Village	Villas	Apartments	Serviced apartments	Memory care apartments	Total retirement units	Total care beds
Ellerslie	34	23	57	-	114	58
Hobsonville	115	37	11	-	163	0
Karaka	111	0	59	-	170	50
Manukau	89	67	27	-	183	54
Warkworth	148	2	44	-	194	41
Auckland	**497**	**129**	**198**	**-**	**824**	**203**
Hamilton	183	0	50	-	233	49
Taupo	94	34	18	-	146	0
Waikato	**277**	**34**	**68**	**-**	**379**	**49**
Katikati	118	0	20	-	138	49
Bay of Plenty	**118**	**0**	**20**	**-**	**138**	**49**
Hastings	146	5	0	-	151	0
Havelock North	94	28	0	-	122	45
Napier	94	26	20	-	140	48
Hawke's Bay	**334**	**59**	**20**	**-**	**413**	**93**
New Plymouth	108	0	40	-	148	52
Taranaki	**108**	**0**	**40**	**-**	**148**	**52**
Levin	64	22	0	10	96	41
Palmerston North	90	12	0	-	102	44
Wanganui	70	18	12	-	100	37
Manawatu-Wanganui	**224**	**52**	**12**	**10**	**298**	**122**
Aotea	96	33	38	-	167	0
Paraparaumu	92	22	0	-	114	44
Trentham	231	12	20	-	263	44
Wellington	**419**	**67**	**58**	**-**	**544**	**88**
Nelson	214	0	55	-	269	59
Nelson	**214**	**0**	**55**	**-**	**269**	**59**
Wigram	111	0	53	-	164	49
Christchurch	**111**	**0**	**53**	**-**	**164**	**49**
Dunedin	61	20	20	-	101	42
Otago	**61**	**20**	**20**	**-**	**101**	**42**
Total	**2,363**	**361**	**544**	**10**	**3,278**	**806**

Land bank as at 31 December 2017

Land bank of 2,841 retirement units and 396 care beds

Land bank - as at 31 December 2017*

Village	Villas	Apartments	Serviced & memory care apartments	Total retirement units	Total care beds
Ellerslie	8	196	-	204	-
Hobsonville	10	36	41	87	52
Karaka	71	-	-	71	-
Parnell	-	264	76	340	48
St Johns	-	236	76	312	32
Warkworth	54	-	-	54	-
Auckland	**143**	**732**	**193**	**1,068**	**132**
Rototuna	187	-	76	263	43
Waikato	**187**	**-**	**76**	**263**	**43**
Katikati	38	-	-	38	-
Bay of Plenty	**38**	**-**	**-**	**38**	**-**
Kenepuru	100	93	106	299	43
Lower Hutt	42	96	43	181	49
Trentham	-	-	20	20	-
Wellington	**142**	**189**	**169**	**500**	**92**
Richmond	234	-	76	310	43
Nelson	**234**	**-**	**76**	**310**	**43**
Avonhead	156	12	98	266	43
Casebrook	260	12	76	348	43
Wigram	48	-	-	48	-
Christchurch	**464**	**24**	**174**	**662**	**86**
Total	**1,208**	**945**	**688**	**2,841**	**396**

** Land bank reflects current intentions as at December 2017*

FY17 underlying profit reconciliation

Reconciliation of underlying profit to reported net profit after tax

NZ$m	FY17	FY16	*YOY change*	FY15
Reported net profit after tax	**223.4**	**145.5**	***54%***	**84.2**
Less reversal of impairment on land & buildings	(0.0)	-	*N/A*	-
Less fair value movement of investment property	(218.0)	(143.5)	*52%*	(83.5)
Add realised gain on resales	24.9	15.4	*62%*	12.3
Add realised development margin	51.0	39.0	*31%*	26.1
Add/(less) deferred tax expense/credit	0.3	0.2	*84%*	(1.5)
Underlying profit	**81.7**	**56.6**	***44%***	**37.8**

Underlying profit differs from NZ IFRS reported 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 and has been audited by Ernst & Young. Underlying profit is an industry wide measure which the Group uses consistently across reporting periods. See note 2 of the financial statements for detail on the components of underlying profit

Fair value movement

Fair value movement of investment property – key assumptions

Fair value movement of investment property		Value of investment property*	Fair value gain/(loss)	Key valuation assumptions					
Village	**Location**	**NZ$m**	**NZ$m**	**Discount rate**	**Growth rate Yr 1**	**Growth rate Yr 2**	**Growth rate Yr 3**	**Growth rate Yr 4**	**Growth rate Yr 5+**
Summerset by the Park	Manukau	137.5	6.8	13.50%	1.5%	2.0%	2.5%	3.0%	3.5%
Summerset by the Lake	Taupo	52.7	1.5	15.75%	0.0%	0.5%	1.5%	2.5%	3.5%
Summerset in the Bay	Napier	62.6	3.4	14.00%	0.0%	1.0%	2.0%	2.5%	3.5%
Summerset in the Orchard	Hastings	62.2	5.0	15.00%	0.0%	0.5%	1.0%	2.5%	3.5%
Summerset in the Vines	Havelock North	52.0	2.8	14.75%	0.0%	1.0%	2.0%	2.5%	3.5%
Summerset in the River City	Wanganui	25.2	0.5	16.00%	0.0%	1.0%	1.5%	2.0%	2.5%
Summerset on Summerhill	Palmerston North	40.7	0.9	14.75%	0.0%	1.0%	2.0%	2.5%	3.0%
Summerset by the Ranges	Levin	23.7	2.2	15.75%	0.0%	1.0%	1.5%	2.0%	2.5%
Summerset on the Coast	Paraparaumu	48.0	4.9	14.50%	0.5%	1.0%	2.0%	2.5%	3.5%
Summerset at Aotea	Aotea	86.2	4.6	14.25%	1.0%	1.0%	2.0%	2.5%	3.5%
Summerset in the Sun	Nelson	130.1	9.3	14.00%	0.5%	1.0%	1.0%	2.5%	3.5%
Summerset at Bishopscourt	Dunedin	42.2	2.7	15.00%	0.0%	1.0%	1.5%	2.5%	3.0%
Summerset Down the Lane	Hamilton	116.4	15.4	14.25%	0.0%	1.0%	2.0%	2.5%	3.5%
Summerset Mountain View	New Plymouth	66.4	11.4	15.00%	0.0%	0.5%	1.5%	2.5%	3.0%
Total for completed villages		**945.9**	**71.5**						
Summerset Falls	Warkworth	124.8	22.3	14.50%	0.5%	1.5%	2.0%	3.0%	3.5%
Summerset at Monterey Park	Hobsonville	174.7	30.0	14.00%	1.0%	1.0%	2.0%	2.5%	3.5%
Summerset at Heritage Park	Ellerslie	105.7	26.3	15.00%	1.0%	1.0%	2.0%	2.5%	3.5%
Summerset at Karaka	Karaka	121.8	29.4	14.25%	1.0%	1.0%	2.0%	2.5%	3.5%
Summerset by the Sea	Katikati	69.8	10.1	15.50%	0.0%	0.5%	1.5%	2.5%	3.5%
Summerset at the Course	Trentham	129.9	15.8	14.00%	0.5%	1.0%	2.0%	2.5%	3.5%
Summerset at Wigram	Wigram	85.0	12.9	15.00%	0.5%	1.5%	2.0%	3.0%	3.5%
Total for villages in development		**811.7**	**146.8**						
Total for proposed villages		**129.0**	**(0.3)**	n/a	n/a	n/a	n/a	n/a	n/a
Total for all villages		**1,886.6**	**218.0**						

** Value of non-land capital work in progress not represented in the above table*

Care centre valuation

Care centre valuation – key assumptions

Value of care facilities		Total care beds	Value of care facility	Assumed capitalisation rate	Assumed value per equivalent bed**
Village	**Location**	**No.**	**NZ$m**	**%**	**NZ$'000**
Summerset at Bishopscourt	Dunedin	42	6.7	13.50%	133
Summerset Down the Lane	Hamilton	49	7.1	13.50%	118
Summerset in the Vines	Havelock North	45	4.1	14.00%	95
Summerset by the Ranges	Levin	41	4.5	14.50%	87
Summerset by the Park	Manukau	54	10.6	12.00%	173
Summerset in the Bay	Napier	48	6.5	12.00%	113
Summerset in the Sun	Nelson	59	8.6	13.75%	108
Summerset on Summerhill	Palmerston North	44	4.9	14.25%	109
Summerset on the Coast	Paraparaumu	44	4.3	14.00%	97
Summerset at the Course	Trentham	44	5.1	13.00%	95
Summerset in the River City	Wanganui	37	2.9	15.00%	68
Summerset Falls	Warkworth	41	6.9	13.25%	129
Total for existing care facilities		**548**	**72.0**	**-**	**-**
Summerset at Heritage Park	Ellerslie	58	11.0	13.50%	157
Summerset at Karaka	Karaka	50	8.8	13.75%	147
Summerset by the Sea	Katikati	49	6.8	13.75%	126
Summerset Mountain View	New Plymouth	52	7.1	13.75%	109
Summerset at Wigram	Wigram	49	7.8	13.00%	122
Total for new care facilities*		**258**	**41.5**	**-**	**-**
Total for all villages		**806**	**113.4**	**-**	**-**

** Built subsequent to the last care centre valuation as at 31 December 2014*

*** Value includes care beds and associated care profits from serviced and memory care apartments*

7 year metrics summary

Underlying profit 6 year CAGR of 47%

	Full Year Results	6 Year CAGR*	FY17	FY16	FY15	FY14	FY13	FY12	FY11
Operational	New sales of occupation rights	23%	382	414	333	286	228	167	108
	Resales of occupation rights	16%	300	244	245	172	174	164	123
	Total sales	**20%**	**682**	**658**	**578**	**458**	**402**	**331**	**231**
	New retirement units delivered	24%	450	409	303	261	209	160	122
	Retirement units in portfolio	14%	3,278	2,828	2,419	2,116	1,855	1,646	1,486
	Care beds in portfolio	16%	806	748	616	485	442	327	327
Financial (NZ$m)	Total revenue ($m)	22%	110.5	86.1	68.8	54.3	45.2	38.1	33.7
	Net profit after tax ($m)	93%	223.4	145.5	84.2	54.2	34.2	14.8	4.3
	Underlying profit** ($m)	47%	81.7	56.6	37.8	24.4	22.2	15.2	8.1
	Net operating cash flow ($m)	30%	207.7	192.6	140.3	110.4	88.6	66.3	43.7
	Total assets ($m)	24%	2,216.3	1,706.8	1,363.5	1,043.2	844.9	702.3	616.9
	Total equity ($m)	22%	769.3	545.6	409.8	332.3	281.9	248.8	233.4
	Interest bearing loans and borrowings ($m)	31%	347.2	274.0	248.2	150.8	105.3	78.2	69.1
	Cash and cash equivalents ($m)	-3%	7.6	8.7	6.7	4.9	3.0	2.8	9.0
	Gearing ratio (Net D/ Net D+E)	7%	30.7%	32.7%	37.1%	30.5%	26.6%	23.3%	20.5%
	EPS (cents) (IFRS profit)	87%	102.23	66.93	38.94	25.16	15.99	6.96	2.39
	NTA (cents)	21%	347.56	249.90	188.52	153.33	131.24	116.49	109.33
	Development margin (%)	28%	27.3%	22.2%	20.0%	15.7%	13.2%	12.0%	6.2%

** Compound annual growth rate*

*** Underlying profit differs from NZ IFRS reported profit after tax. The measure has been audited by Ernst & Young. Refer to appendix for a reconciliation between the two measures, and note 2 of the financial statements for detail on the components of underlying profit*