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NZX & ASX RELEASE

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SUMMERSET ACHIEVES A 54% GROWTH IN PROFIT

- Net profit after tax of NZ\$223.4 million, up 54% on FY16
- Underlying profit for FY17 of NZ\$81.7 million, up 44% on FY16
- Total assets of NZ\$2.2 billion, up 30% on FY16
- 682 total sales of occupation rights, up 4% on FY16
- 450 new retirement units delivered, up 10% on FY16
- Land bank total of 2,841 retirement units and 396 care beds
- Final dividend of NZ 7.1 cents per share
- Development margin of 27.3%, up from 22.2% for FY16

Retirement village operator Summerset Group Holdings Limited has announced net profit after tax for the year ending 31 December 2017 of \$223.4 million, an increase of 54% on the same period last year.

Summerset's underlying profit, which excludes unrealised valuation gains on the fair value of investment property, was \$81.7 million for the year ending 31 December 2017, up 44% on the previous year. Annual growth in underlying profit has averaged 47% in the six years since listing in November 2011.

Summerset's total asset value increased by 30% to NZ\$2.2 billion. The development margin on new retirement units also increased to 27.3%, up from 22.2% for FY16.

Summerset CEO Julian Cook said the company's profit growth has been driven by strong demand for homes, the continued benefits of in-house construction of new villages and the well-run operation of existing villages. "We saw good demand for our homes across the country throughout 2017, including in Auckland. This is despite the slowing Auckland property market, which reflects the demographic we serve."

"An exciting milestone for us in 2017 was celebrating the 20th anniversary of Summerset's first village in Wanganui. We've come a long way since opening that village. Last year we welcomed 500 new residents and 200 staff to the Summerset family. At the end of 2017, we had more than 4,700 residents living at our 23 villages and more than 1,200 staff," he said.

Other key achievements for the company in 2017 were:

- Purchasing two new development sites in Avonhead, Christchurch and Wellington's Kenepuru, bringing the total number of sites to 29
- Opening the main building at Summerset Heritage Park in Ellerslie
- Receiving the New Zealand Aged Care Association's Best Built Environment award for the innovative Levin memory care centre



- Achieving a village resident satisfaction score of 97%, (up from 94% in 2016) and a care resident satisfaction result of 97%, (up from 94% in 2016)
- Improving staff wellbeing with a range of employee benefits, including day to day health insurance and funeral cover
- Achieving employee engagement results in Aon Hewitt's Australia and New Zealand top quartile
- Launching a new brand and website to better reflect Summerset's purpose of bringing the best of life to its residents
- Issuing the first retail bonds in the retirement and aged care sector
- Delivering 58 new care beds, (total number of care beds across villages is 806)

Mr Cook said Summerset was delighted to receive the Aged Care Association Built Environment Award for its Levin memory care centre. "We're particularly proud of this innovative model of dementia care as we are the first in New Zealand to offer one bedroom apartment style living for people with dementia. We'll be incorporating memory care in all our new villages."

The staff benefits package introduced during the year includes the following:

- Health insurance covering everyday health care costs such as GPs, dentist, and physios
- Funeral cover – \$10,000 for every permanent employee or their spouse
- Long service leave – after five years' service with Summerset
- Continuation of the share plan for all staff
- Buyers' group trade discounts and Summerset supplier discounts from a range of companies

"Our staff are at the heart of our business and it is important that we value them appropriately," said Mr Cook. "These benefits are a further boost to the 1 July 2017 government funded pay increase for caregivers, diversional and occupational therapists."

Summerset also completed a rebranding in the latter half of 2017. Mr Cook said, "We asked our residents and their families what makes Summerset stand out from its competitors and how we could realign our brand to better reflect our purpose of bringing the best of life, and show that our residents are at the heart of everything we do."

Looking ahead, Mr Cook said Summerset's focus in 2018 will be to continue delivering high quality retirement village living to residents whether they are living independently, needing a little extra assistance in a serviced apartment, or care centre.

Summerset announced a final 2017 dividend of NZ 7.1 cents per share, a total dividend payment of NZ 11 cents per share for the year. This is an increase of NZ 3.3 cents per share on the total dividend paid for the previous year. The dividend reinvestment plan will apply to the dividend, with a discount of 2% applicable to those shareholders participating in the plan.

ENDS

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ABOUT SUMMERSET

- Summerset is one of the leading operators and developers of retirement villages in New Zealand, with 23 villages completed or in development across the country. In addition, Summerset has six sites for development in Avonhead (Christchurch), Richmond (Nelson), Kenepuru (Wellington), Lower Hutt (Wellington), St Johns (Auckland) and Parnell (Auckland), bringing the total number of sites to 29.
- It provides a range of living options and care services to more than 4,700 residents.
- Four-time winner of Retirement Village of the Year and Silver Award winner in the Reader's Digest Quality Service Awards 2017.
- The Summerset Group has villages in Aotea, Casebrook, Dunedin, Ellerslie, Hamilton, Hastings, Havelock North, Hobsonville, Karaka, Katikati, Levin, Manukau, Napier, Nelson, New Plymouth, Palmerston North, Paraparaumu, Rototuna, Taupo, Trentham, Wanganui, Warkworth and Wigram.