Summerset

Retail Bond Presentation

Summerset Group Holdings Limited

10 September 2018

Joint Lead Managers

ANZ FNZC FORSYTH BARR HOBSON WEALTH PARTNERS

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Please read carefully before the rest of the presentation

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Certain financial information contained in this presentation is prepared on a non-GAAP basis. "Underlying profit" differs from IFRS net profit after tax. The audited underlying profit measure is intended to assist readers in determining the realised and non-realised components of fair value movement of investment property and tax expense in the Summerset Group's income statement. The measure is used internally in conjunction with other measures to monitor performance and make investment decisions. Underlying profit is a measure which the Summerset Group uses consistently across reporting periods.

Refer to slide 22 for a reconciliation of non-GAAP underlying profit to GAAP net profit after tax.

Contents

Offer highlights

Bond offer further diversifies funding sources and provides tenor

- Total bank debt facilities of $500m and total retail bonds of $100m before the offer
- Net debt of $365m as at 30 June 2018
- This bond will be used to repay a portion of existing drawn bank debt and for general corporate purposes, and provide diversification of funding sources and tenor

Retail bond offer	Details
Issuer	Summerset Group Holdings Limited (listed on the NZX and ASX)
Bonds	Unsubordinated, guaranteed, secured, fixed rate bonds of the Issuer
Guarantee and security	Provided by Summerset and each of the other Guarantors Equal ranking with Summerset's banks and existing bondholders
Issue size	Up to $75m with up to $25m oversubscriptions
Maturity	7 year bonds maturing Wednesday 24 September 2025
Rating	Not rated
Quotation	Application to quote the bonds on NZX Debt Market (NZDX) has been made
Joint Lead Managers	ANZ, FNZC, Forsyth Barr and Hobson Wealth Partners

Business overview

Summerset snapshot

Third largest retirement village operator

More than
5,000
residents

More than
1,300
staff members

23
Villages completed or under development

8
Greenfield sites

Land bank of
3,333
retirement units*

Land bank of
411
care beds*

3,443
Retirement units in portfolio

858
Care beds in portfolio

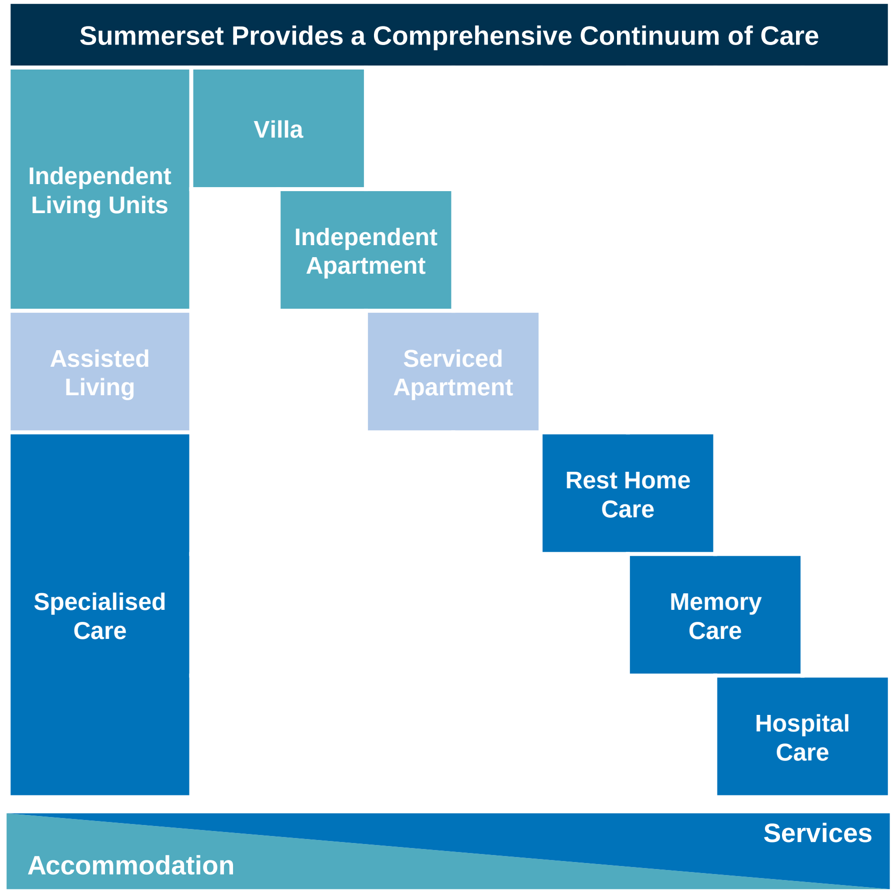
** Includes acquisition of new land in New Plymouth post 30 June 2018 half year balance date*

Information as at 30 June 2018 unless otherwise stated

Summerset background

Second largest retirement village developer in New Zealand

- Listed on the NZX in 2011, and the ASX in 2013
- Nationwide provider
- 23 operating villages completed or under development
- Eight greenfield sites at Avonhead, Kenepuru, Lower Hutt, Parnell, Richmond, St Johns, Te Awa, and our recently announced acquisition in New Plymouth
- 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
- Customer centric philosophy – bringing the best of life
- Continuing our investigation into possible Australian expansion. We have established an office in Melbourne with a dedicated team focused on working through the appropriate diligence required before we make a decision on whether we enter this market

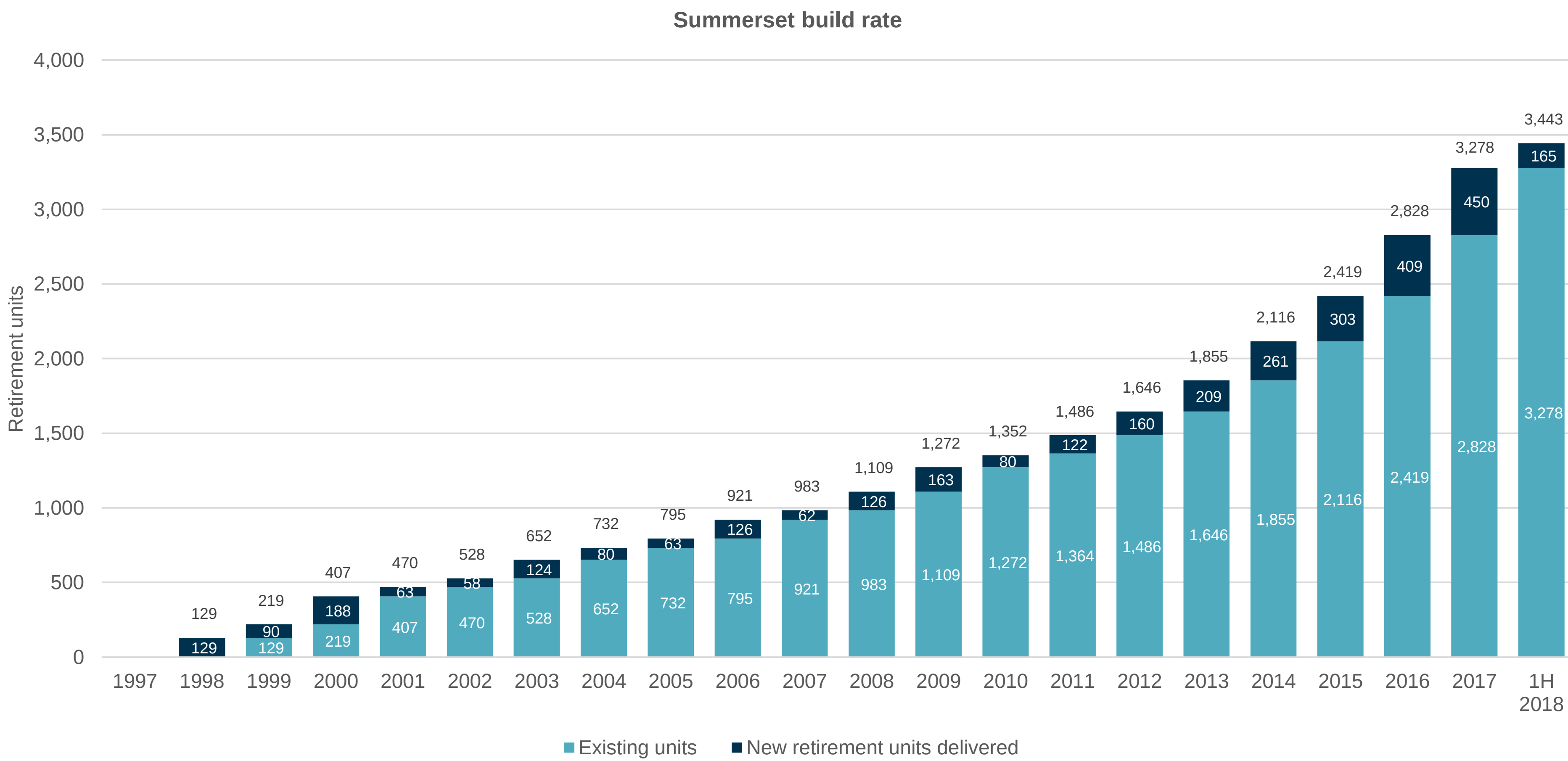


Operational overview

	Operations	Cash flows
1. Aged care services	**Provision of care in serviced apartments, memory care apartments, rest home, hospital and memory care facilities** ■ Provide a high standard of quality aged care services	■ Rest home, hospital and memory care fees ■ Stable cash flows ■ Includes government funding for specified contracted services
2. Asset management	**Daily operation of integrated retirement and aged care communities** ■ Manage a portfolio of tenanted assets ■ Manage ongoing sales of Occupation Rights ■ Refurbish periodically to maintain economic value	■ Deferred Management Fees (DMF) – primary source of income for established villages ■ Gains on resale of Occupation Rights ■ Weekly resident levies and village service fees – stable cash flows, contribute to operational costs
3. Retirement village development	**Design and construction of integrated retirement and aged care communities** ■ Cost efficient quality construction of villages designed for older New Zealanders ■ Build villages that integrate into the local environment, providing residents with warm, welcome and vibrant communities	■ Occupation Right sales ■ Development margin

Summerset growth

21 years of consistent delivery and growth



Our product

Funding and security structure

Purpose of debt

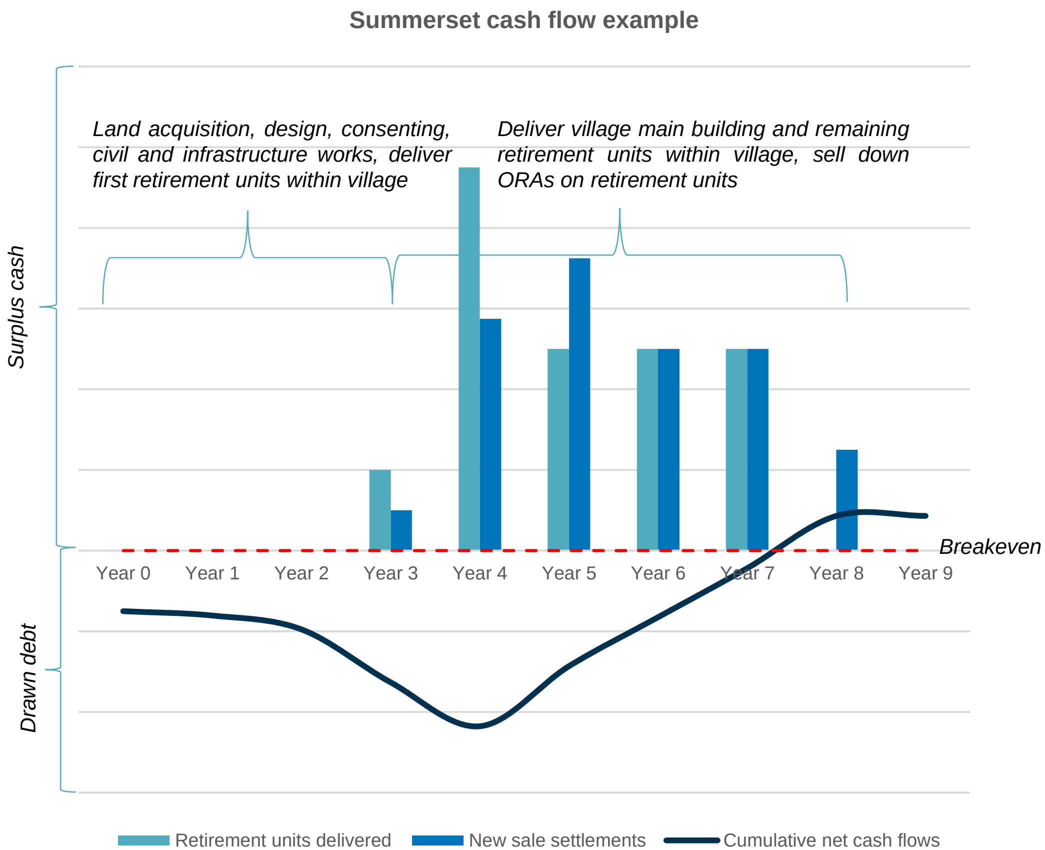
Debt is used to develop Summerset villages across New Zealand

- Summerset uses debt to fund the acquisition of land for future development, and the development of land into villages
- The proposed bond issue will provide further diversification of funding sources and tenor. Summerset has a $500m bank facility limit available and a $100m existing retail bond
- All debt is associated with development activities
- Debt will fluctuate depending upon the level of acquisition and development activities
- Debt is typically 100% recycled out of completed village developments, into new developments, as Occupation Right Agreement (ORA) sales occur. Development debt is progressively repaid as ORA sales occur and typically fully repaid by the time all ORAs in the village have been sold for the first time
- If Summerset stops development activities, based on current cash flows and debt levels, debt could be repaid over a short period of time

Village development cash flows

Village developments are cash flow positive

- Debt is principally used as working capital to build new villages (retirement village and care centre)
- As debt is repaid for a village build, it is redrawn for new village builds
- Each village project is expected to be cash flow positive
- From the time construction of a village starts through to the last retirement unit being delivered takes, on average, around four to six years
- Summerset has a robust process in place for tendering projects and selecting skilled and qualified contractors, to mitigate construction and development risk
- Internal property development team allows Summerset to exercise control over the development and construction phase

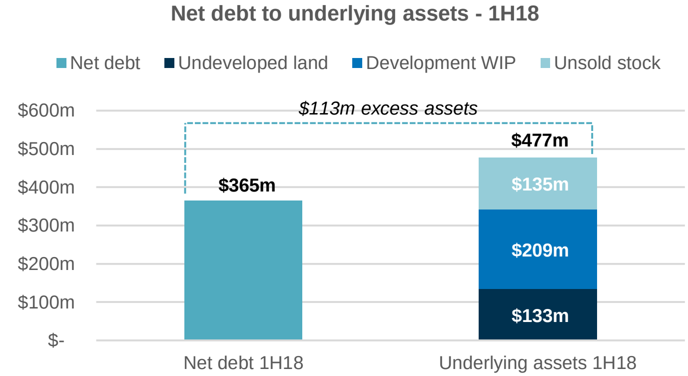


Composition of drawn debt

All debt is associated with development activities – development assets exceed the value of net debt

- Development projects are debt funded. Development assets exceeded the value of net debt by $113m as at 30 June 2018
- Development assets at the point of the first retail bond issue exceeded net debt by $42m (based on 31 December 2016 balance sheet)
- All debt is associated with development activities
- Development assets could be realised to reduce debt over a short period of time

Debt holders have benefit of core earning generation from the business in addition to development asset backing



Net debt reconciliation (NZ$m)	1H18*
Net debt	364.5
Cash and cash equivalents	14.7
Capitalised & amortised bond issue costs and fair value movement on hedged borrowings	0.4
Interest-bearing loans and borrowings (per financial statements)	**379.7**
Reverse out capitalised & amortised bond issue costs and fair value movement on hedged borrowings	(0.4)
Other unsubordinated liabilities**	12.3
Total bank and bond debt	**391.6**

** Amounts rounded to nearest $100k*

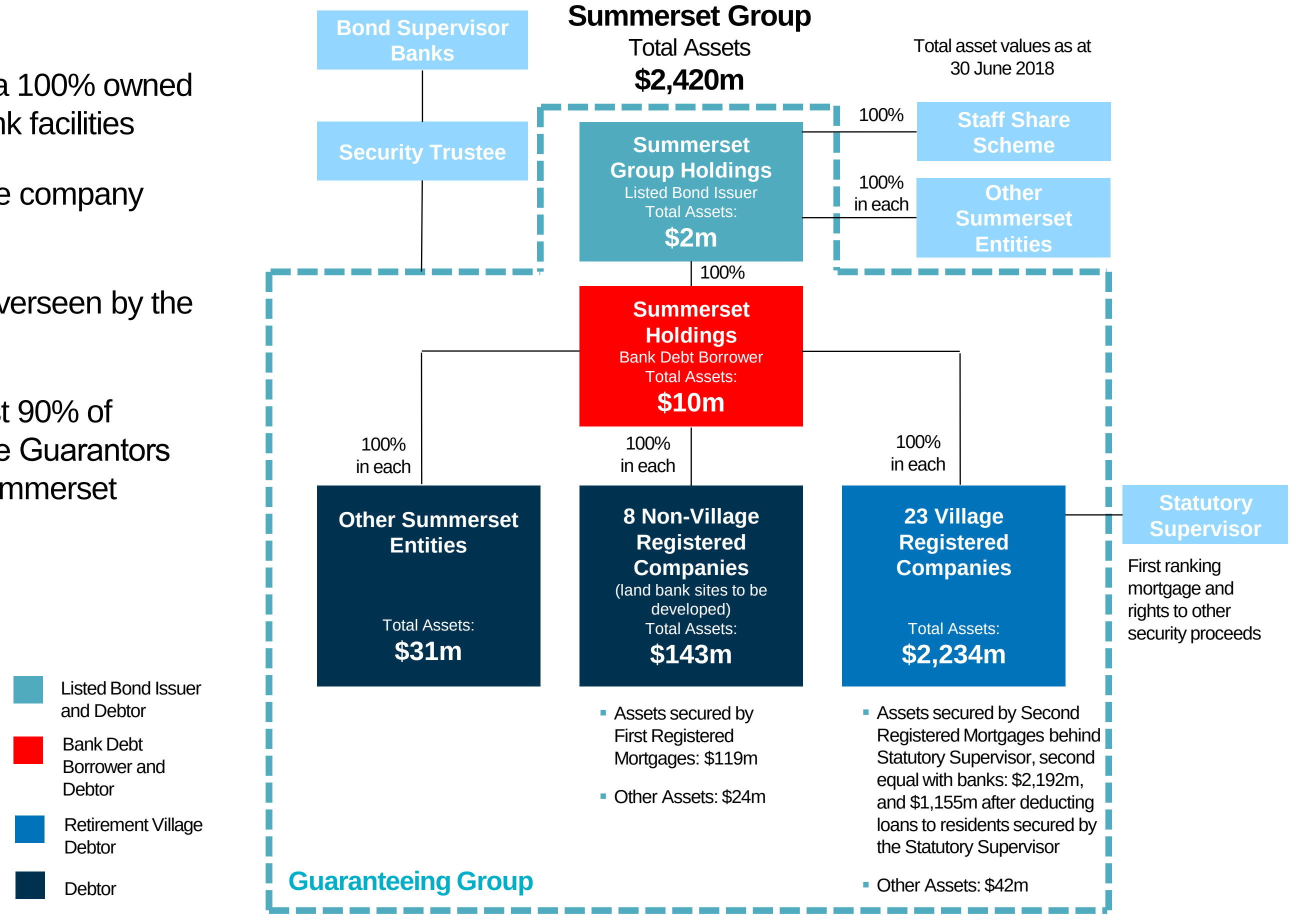
*** Includes interest rate swaps and accrued interest*

The issuer & guaranteeing group

Listed entity Summerset Group Holdings Limited is the issuer

- Summerset Group Holdings Limited (SGHL) currently owns all companies within the Summerset Group
- Summerset Holdings Limited (SHL), which is a 100% owned subsidiary of SGHL, is the borrower under bank facilities
- SGHL is listed on the NZX and ASX, and is the company issuing these bonds
- The equity and debt issued by SGHL will be overseen by the same Board of Directors
- Total assets of the Guarantors must be at least 90% of Summerset Group's assets and EBITDA of the Guarantors must be at least 90% of the EBITDA of the Summerset Group

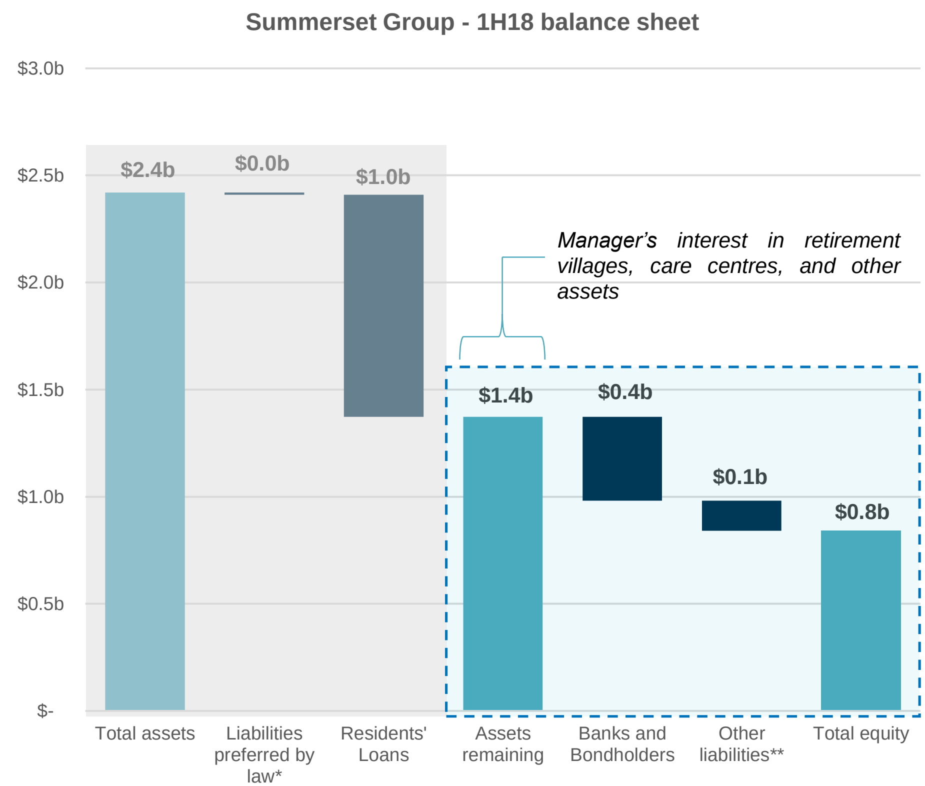
Summerset Group Syndicated Lending Structure Simplified – as at 10 September 2018



Security

Assets of $1.4b available as security as at 30 June 2018 excluding residents' loans

- Total assets as at 30 June 2018 of $2.4b
- Assets of $1.4b after payments made to the residents of a Registered Retirement Village supporting net debt of $365m as at 30 June 2018
- Investment property value of $2.2b across Auckland (38%), the Central North Island (31%), the Wellington Region (15%), and the South Island (16%)***
- ANZ is Security Trustee for both the bonds and the bank debt
- The New Zealand Guardian Trust Company Limited is the Bond Supervisor



* Liabilities preferred by law include employee entitlements and Inland Revenue

** Other liabilities include trade and other payables, revenue received in advance, deferred tax liabilities

*** Percentages based on investment property value excluding the value of non-land capital work in progress

Security

Bondholders on an equal ranking security basis with bank lenders

- The bonds share the security provided by the Guaranteeing Group on an equal ranking basis with Summerset's bank lenders as per the Security Trust Deed
- The bonds and bank lenders have a first ranking mortgage over undeveloped land and land under development owned by Non-Village Registered Companies. The bonds and bank lenders are second ranking security holders on land and permanent buildings held by Village Registered Companies, and have second ranking rights to security proceeds from other assets of Village Registered Companies to which the Security Trustee is entitled
- In the event of financial difficulties, Summerset can:
  - Reduce debt by slowing development
  - Rely on core earnings. The business currently carries no core debt
  - Sell undeveloped land
  - Sell villages as a going concern - debt holders have first ranking security over the shares of all Village Registered Companies (sale must be to a party with requisite management skills pursuant to Statutory Supervisor approval requirements)
- The Statutory Supervisor has first ranking security over each Village Registered Company's land and permanent buildings. This is for the protection of residents' rights and does not give the Statutory Supervisor discretion to demand repayment of residents' loans

The ORA and resident protections

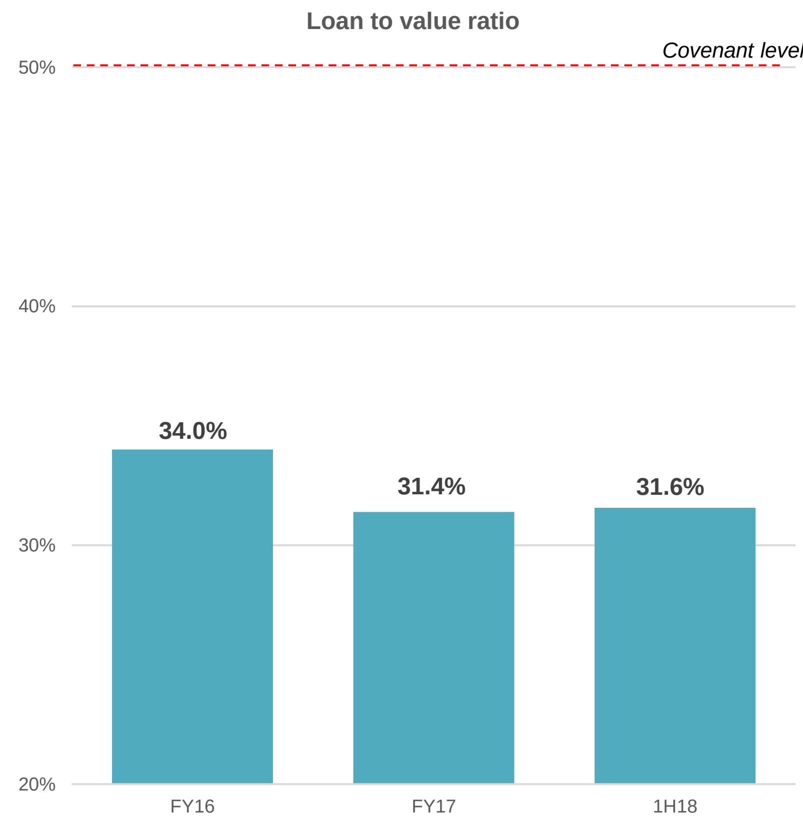
Resident rights protected by a statutory supervisor

- Resident purchases an Occupation Right Agreement (ORA) by providing a non-demand repayable, interest free loan
- Residents' loans have no set term, are repayable on resale of an ORA (using proceeds received from the new resident), and are non-interest bearing
- The rights of the retirement village resident under an ORA are protected by the Statutory Supervisor
- This ensures that if a Registered Retirement Village had financial problems the residents' right to continue to occupy their retirement unit is protected, and the residents' right to receive their repayment sum on receipt of funds from a new resident is protected
- The protection of residents' rights does not give the Statutory Supervisor discretion to demand repayment of residents' loans

Loan to value ratio covenant

Significant headroom on loan to value ratio (LVR) covenant

- Key terms of bond LVR covenant:
  - LVR must not exceed 50%
  - Reported breach of LVR on a Test Date is an Event of Review
  - If the Event of Review occurs, Summerset will have 90 days to put a remediation plan in place then a further 180 days to remedy the breach. If not remedied this will result in an Event of Default
  - During any Event of Review or Event of Default, Guarantors are not permitted to make any distributions to non-Guarantors
  - There are cross acceleration provisions with any debt acceleration >$10m triggering a bond Event of Default
- Bond LVR covenant is calculated in the same way and has the same limit as the bank LVR covenant. Banks have a more detailed covenant package including a minimum Interest Cover Ratio
- Bondholders benefit from cross acceleration provisions
- All covenants are well within bank and bond requirements

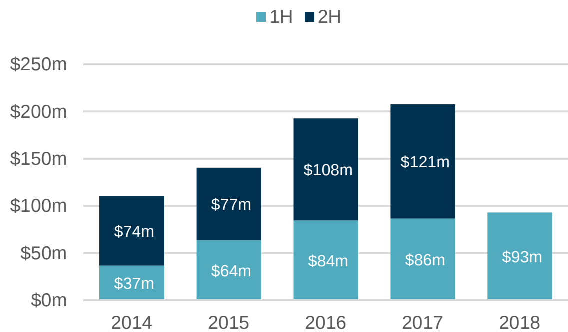


Financial performance

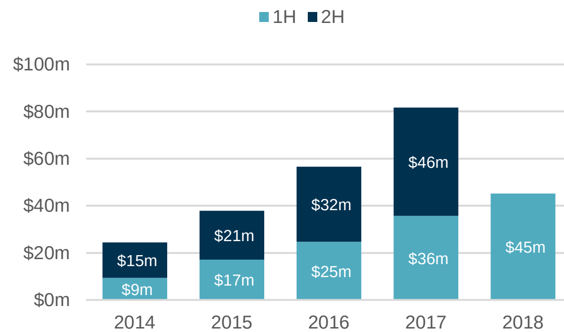
Financial performance overview

Strong financial performance over last five years

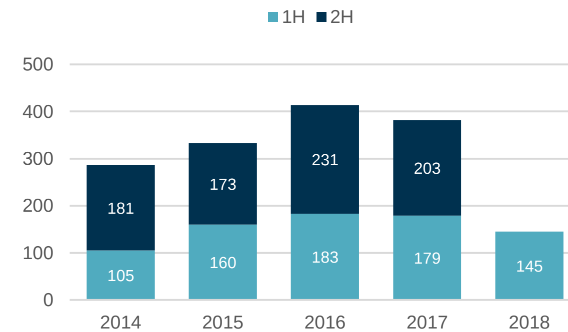
Net operating cash flow



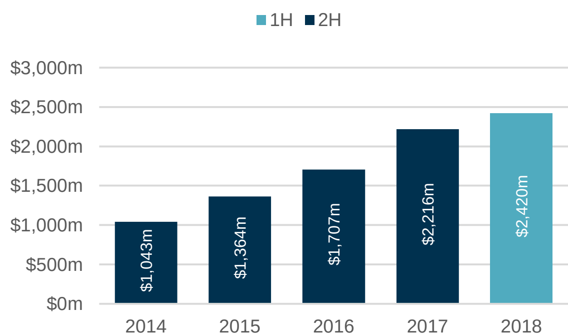
Underlying profit*



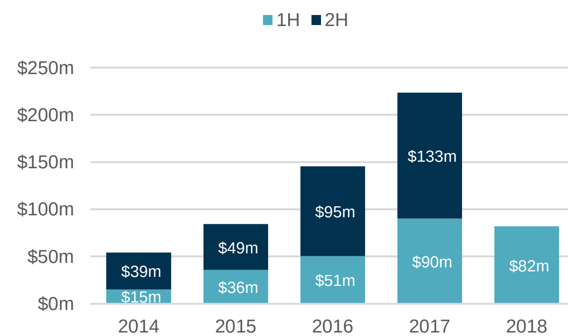
New sales of occupation rights



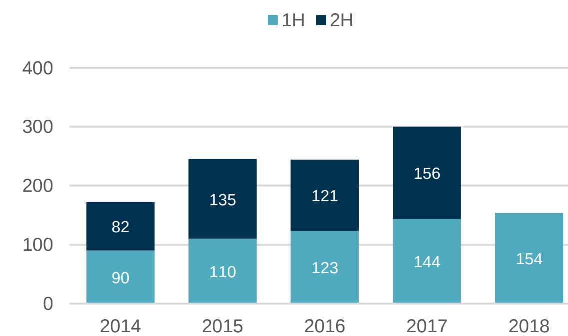
Total assets



IFRS profit



Resales of occupation rights



** Underlying profit differs from NZ IFRS reported profit after tax. Refer to disclaimer on slide 2*

Income statement

Profit growth driven via increasing portfolio

- IFRS NPAT of $82m in 1H18
- Underlying profit of $45m in 1H18
- Underlying profit up 27% and IFRS NPAT down 9% half-on-half
- IFRS NPAT down due to one off investment property valuation assumption change. Excluding this change IFRS NPAT was flat half-on-half
- IFRS NPAT is up 68% on a cumulative average growth rate over the last seven years**
- Underlying profit is up 41% on a cumulative average growth rate over the last seven years**
- Underlying profit differs from IFRS net profit after tax***

IFRS profit (NZ$m)	1H18*	FY17*	FY16*
Total revenue	65.7	110.5	86.1
Fair value movement of investment property	78.3	218.0	143.5
Reversal of impairment on land	-	0.0	-
Total income	**144.0**	**328.5**	**229.5**
Total expenses	**52.9**	**88.6**	**71.1**
Depreciation & amortisation	2.9	4.6	3.7
Finance costs	5.4	11.5	9.1
Net profit before tax	**82.8**	**223.7**	**145.6**
Less income tax expense	(0.8)	(0.3)	(0.2)
Net profit after tax	**82.0**	**223.4**	**145.5**

Reconciliation of underlying profit (NZ$m)	1H18*	FY17*	FY16*
Net profit after tax	82.0	223.4	145.5
Less fair value movement of investment property	(78.3)	(218.0)	(143.5)
Less reversal of impairment on land	-	(0.0)	-
Add realised gain on resales	14.9	24.9	15.4
Add realised development margin	25.8	51.0	39.0
Add income tax expense	0.8	0.3	0.2
Underlying profit	**45.2**	**81.7**	**56.6**

** Amounts rounded to nearest $100k*

*** Compound annual growth rate. Annualised 1H18 result compared to FY11*

**** 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. EY review half year results and audits full year results. Refer to slide 2 for further information on underlying profit*

Cash flows

Strong operating cash flows

- Significant net operating cash flows of $93m for 1H18 and $208m for FY17
- Net operating cash flows are up 23% on a cumulative average growth rate over the last seven years**
- Investing cash flows of $102m at 1H18 relative to debt of $379m***
- If investment was halted then debt levels could be paid down within a short period of time
- Dividend policy is to pay 30% to 50% of underlying profit. This has typically been paid at the lower end of the range

Cash flows (NZ$m)	1H18*	FY17*	FY16*
Net operating business cash flow****	17.1	26.1	15.7
Receipts for residents' loans - new sales	75.7	181.6	176.9
Net operating cash flow	**92.8**	**207.7**	**192.6**
Purchase of land	(2.0)	(27.8)	(18.5)
Construction of new IP & care facilities	(89.1)	(213.1)	(168.1)
Refurb of existing IP & care facilities	(2.6)	(4.7)	(3.3)
Other investing cash flows	(4.1)	(6.1)	(5.0)
Capitalised interest paid	(4.0)	(5.8)	(5.0)
Net investing cash flow	**(101.8)**	**(257.5)**	**(199.9)**
Net proceeds from borrowings	31.4	73.9	25.8
Net dividends paid	(9.9)	(12.3)	(8.9)
Other financing cash flows	(5.4)	(12.9)	(7.6)
Net financing cash flow	**16.2**	**48.7**	**9.2**

** Amounts rounded to nearest $100k*

*** Compound annual growth rate. Annualised 1H18 result compared to FY11*

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

***** Net operating business cash flow is equal to net operating cash flow less receipts for residents' loans - new sales*

Balance sheet

Total assets of $2.4b with $1.4b assets available as security excluding residents' loans

- Total assets of $2.4b, principally from 23 villages Summerset has built or is building
- Net assets of $841m and retained earnings of $559m as at 30 June 2018
- Total net debt of $365m as at 30 June 2018
- Total current bank debt facilities of $500m
- $185m of bank facilities mature in August 2020 and $315m in March 2022
- Total retail bonds (SUM010) of $100m with maturity in July 2023
- Residents' loans reflect net payments by residents to occupy the residences they live in while living in a Summerset village. Once residents terminate their occupancy the receipts from a new resident are used to repay the outgoing resident
- Investment property is revalued on a semi-annual basis, and care assets every three years

Balance sheet (NZ$m)	1H18*	FY17*	FY16*
Investment property	2,241	2,058	1,591
Other assets	178.8	158.2	115.4
Total assets	**2,420**	**2,216**	**1,707**
Residents' loans	1,037	966.6	801.3
Face value of bank loans & bonds**	379.3	347.8	274.0
Other liabilities	162.5	132.6	85.9
Total liabilities	**1,579**	**1,447**	**1,161**
Net assets* **	**840.5**	**769.3**	**545.6**
Embedded value******	**535.4**	**497.1**	**322.6**
NTA (cents per share)	**377.9**	**347.6**	**249.9**

** Amounts rounded to nearest $100k*

*** 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*

***** Embedded value is the quantum of contractually accrued deferred management fees and other unrealised gains that would be received in cash if all Summerset's ORAs were terminated, resold and settled*

Offer terms and timetable

Key terms of the offer

Summary	Detail
Issuer	Summerset Group Holdings Limited
Instrument	Guaranteed, secured, unsubordinated, fixed rate bonds Bondholders share the benefit of the same security package as bank lenders. The Statutory Supervisor has first rights to the proceeds of security enforcement against all assets of the Village Registered Companies, and the bank lenders and bondholders share the remaining proceeds of the Village Registered Companies to which the Security Trustee is entitled on a pro rata basis Bank lenders and bondholders have a first ranking mortgage over all land and permanent buildings owned (or leased under a registered lease) by Guarantors that are Non-Village Registered Companies
Guarantee	Guaranteed by the Guaranteeing Group, consistent with bank lenders and existing bonds. Total assets of the Guarantors must be at least 90% of Summerset Group's assets and EBITDA of the Guarantors must be at least 90% of the EBITDA of the Summerset Group
Tenor and Maturity Date	7 years, maturing 24 September 2025
Offer Amount	Up to $75,000,000, with the ability to accept oversubscriptions of up to $25,000,000 at the discretion of the Issuer
Credit rating	Unrated
Interest rate	Sum of the Issue Margin and the Base Rate, but in any case will be no less than the minimum Interest Rate. The Interest Rate will be announced by Summerset via NZX on or shortly after the Rate Set Date
Interest payment	Quarterly in arrear in four equal payments
Early redemption	Neither Holders nor Summerset are able to redeem the Bonds before the Maturity Date. However, Summerset may be required to repay the Bonds early if there is an Event of Default
Financial Covenant	Summerset to ensure the LVR* covenant: Total Debt of the Summerset Group / Property Value of the Summerset Group is <=50% A reported breach of the LVR covenant on a Test Date is an Event of Review, which if not remedied will result in an Event of Default
Dividend stopper	Guarantors are not permitted to make a distribution to non-Guarantors if an Event of Review or Event of Default is continuing
Brokerage	0.50% of the amount issued plus 0.50% on firm allocations, paid by Summerset
Issue Price & minimum denominations	Issue price of par $1.00. The minimum denomination is $5,000 and in multiples of $1,000 thereafter
Listing	Application has been made to NZX to quote the Bonds on the NZX Debt Market under the ticker code SUM020

** LVR = Loan to Value Ratio*

Key dates of the offer

Offer open 10 September to 14 September 2018

Retail bond offer	Date
Opening Date	10 September 2018
Firm bids due	Friday, 14 September 2018, 12pm
Closing Date and Rate Set Date	14 September 2018
Issue Date and Allotment Date	24 September 2018
Expected date of initial quotation on the NZX Debt Market	25 September 2018
Interest Payment Dates	24 March, 24 June, 24 September, 24 December
First Interest Payment Date	24 December 2018
Maturity Date	24 September 2025

Investment highlights

1.	**Compelling fundamentals** in the retirement village and aged care sector, driven by an ageing population and increasing market penetration
2.	**Second largest developer** of new retirement units, with a successful track record of delivering new retirement units and care beds
3.	**Strong cash flow, financial performance, and earnings growth** potential from a maturing village profile, growing aged care contribution, development pipeline and development efficiencies
4.	**Strong balance sheet** with quality assets and a conservative capital structure
5.	**Funding is used only as working capital** to fund developments through their lifecycle, with debt repaid in full as villages are built and sold down
6.	**Industry diversification for bond holders**, with Summerset being the only listed NZ retirement village operator with bonds available for retail investors

Questions?

Appendices

Board of directors

ROB CAMPBELL
Independent Chairman

- Over 30 years' experience as a director and investor
- Chair, WEL Group Ltd, Tourism Holdings Ltd, and SKYCITY Entertainment Group
- Director, Precinct Properties New Zealand Ltd
- Holds a Bachelor of Arts with First Class Honours in Economic History and Political Science and a Masters of Philosophy in Economics

JAMES OGDEN
Non-executive Independent

- Chair of the Investment Committee of Pencarrow Private Equity and MMC Limited
- Director, Vista Group International and Foundation Life (NZ)
- Former Country Manager, Macquarie Bank and former Director, Credit Suisse First Boston
- Holds a Bachelor of Commerce and Administration with First Class Honours and is a Chartered Fellow of the Institute of Directors and a Fellow of the Chartered Accountants of Australia and New Zealand

DR MARIE BISMARK
Non-executive Independent

- Dually trained as a lawyer and doctor
- Divides her time between Australia and New Zealand
- Worked in the health sector for many years; her areas of expertise include patient safety and healthcare complaints resolution
- Associate Professor at the University of Melbourne
- Director, GMHBA Health Insurance and Veterans' Health Advisory Panel

ANNE URLWIN
Non-executive Independent

- Professional director with experience in a diverse range of sectors including construction, health, infrastructure, financial services and telecommunications
- Deputy Chair, Southern Response Earthquake Services Ltd
- Director, Steel and Tube Holdings Ltd, Chorus Ltd, and Tilt Renewables Ltd
- Other directorships include City Rail Link Ltd and ANZ Bank subsidiary OnePath Life (NZ) Ltd
- Chartered Accountant with experience in senior finance management roles in addition to her governance roles

GRÁINNE TROUTE
Non-executive Independent

- Many years' experience in senior executive roles with Coopers and Lybrand (now PwC), McDonald's Restaurants NZ, HR Consultancy Right Management and most recently as General Manager Corporate Services at SKYCITY Entertainment Group
- Director, Tourism Holdings Ltd, Evolve Education Group Ltd, and Investore Property Ltd
- Spent many years as a trustee and chair in the not-for-profit sector, including as Chair of Ronald McDonald House Charities NZ for five years

DR ANDREW WONG
Non-executive Independent

- Currently Managing Director of MercyAscot Hospital Group and Healthcare Holdings Limited
- Also a director of a number of medical organisations. These cover a diverse range of areas such as surgical hospitals, day surgeries, diagnostic radiology and cancer care

Highly experienced management

JULIAN COOK
Chief Executive Officer

- Overall responsibility for the company, its operations and strategy
- In his previous role as Chief Financial Officer, Julian oversaw Summerset as it became a publicly listed company, first on the NZX in November 2011, and then the Australian Securities Exchange (ASX) in July 2013
- Prior to joining Summerset, Julian spent 11 years in the investment sector, which included a significant amount of work with retirement village and aged-care companies

SCOTT SCOULLAR
Deputy Chief Executive Officer and Chief Financial Officer

- Overall responsibility for the financial management of the company
- Also leads the Corporate Services area at Summerset which includes the Finance, Legal, Human Resources, Property, Marketing and IT teams
- Before joining the company in 2014, Scott held CFO roles at Housing New Zealand and Inland Revenue
- Recipient of NZICA's Public Sector CFO of the Year Award 2011
- Special commendation at the 2012 New Zealand CFO Summit Awards
- Fellow of CPA Australia and a CPA New Zealand Council Board member

FAY FRENCH
General Manager Sales

- Leads our national sales team
- Fay has a breadth of experience across sales, hospitality and the health sector
- Prior to joining Summerset in 2015, she held a sales leadership role at a leading New Zealand e-commerce platform where she was responsible for leading a team of business development managers
- A registered nurse, Fay has worked in various nursing roles and medical sales for Roche Pharmaceuticals

PAUL MORRIS
General Manager Development Australia

- Leads Summerset's investigation of development opportunities in the Australian market
- Paul has been with Summerset since early 2000
- Commenced in the GM Development Australia role in 2018 having previously been GM Development New Zealand since 2003

AARON SMAIL
General Manager Development

- Leads Summerset's development team in New Zealand, which covers identifying and purchasing new sites, project feasibilities, consents, master planning and design standards for villages
- Previous roles in his 25+ years of property and development experience include senior positions at Todd Property Group and Kiwi Property
- Aaron has been with Summerset since 2015

DEAN TALLENTIRE
General Manager Construction

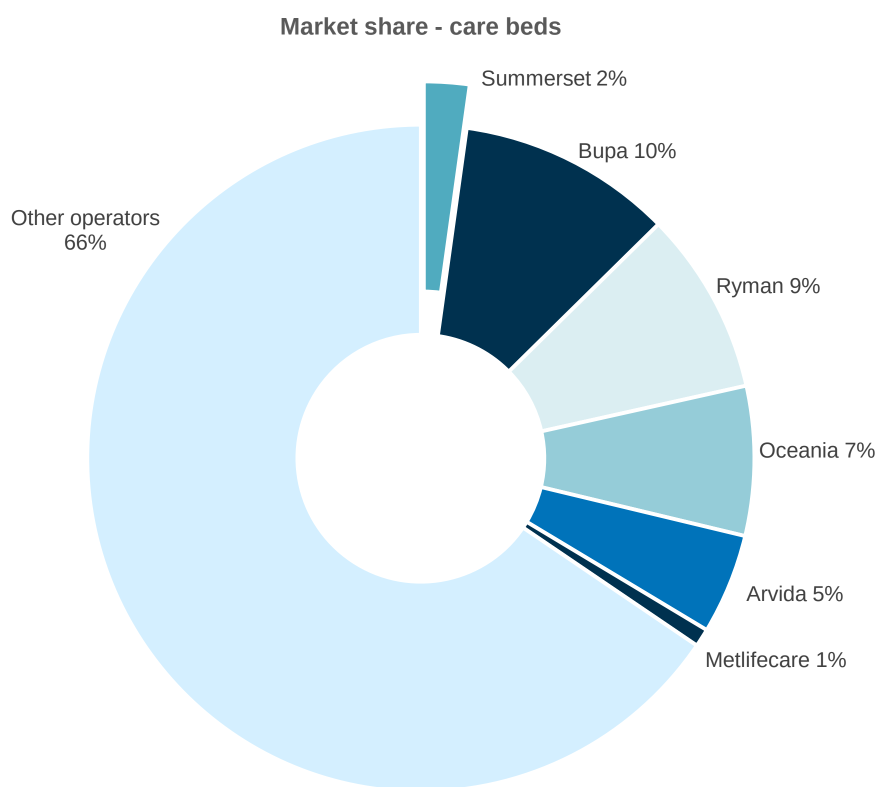
- Dean is in his 4th year with Summerset and leads the construction team
- Responsibility includes design management, building consenting, tenders, commercial management, project delivery teams, quality assurance and supporting teams
- He has extensive experience across property, development and construction with over 20 years experience in both the UK and New Zealand
- Prior to joining Summerset Dean had 14 years at Fletcher Building within commercial and residential markets across public and private sectors

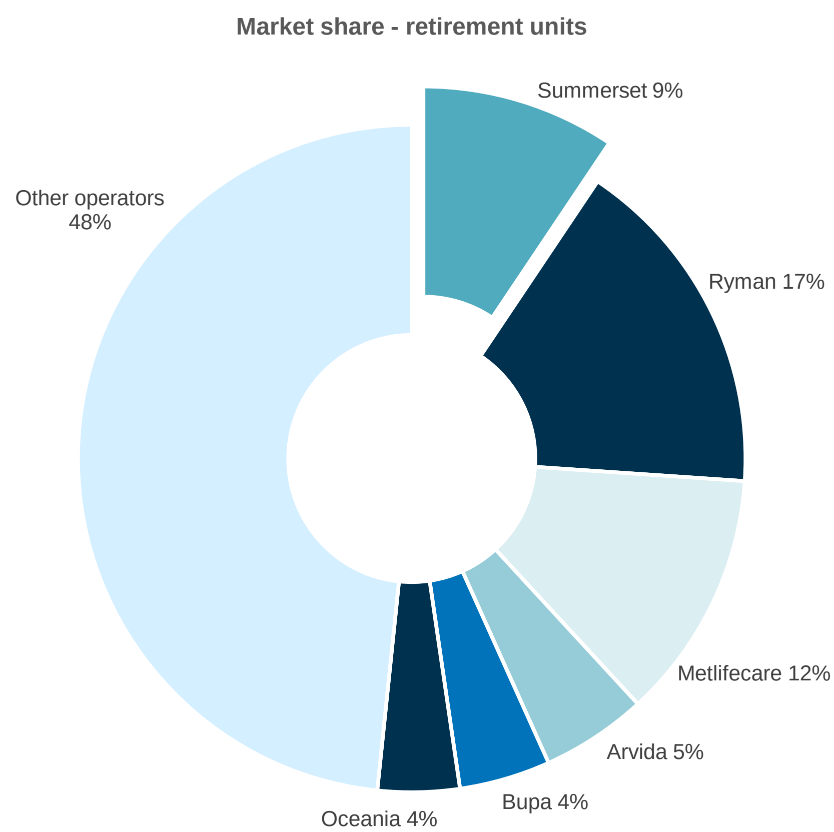
ELEANOR YOUNG
General Manager Operations and Customer Experience

- Oversees the operational performance across all Summerset villages ensuring Summerset residents receive the highest-quality service and care
- Joined Summerset in 2016
- Eleanor has held senior roles in Inland Revenue, including four years as the Group Manager of Customer Services, managing services to customers with around 2,000 staff
- Background in Human Resources within both the public and private sector working in managerial roles for the Ministry of Social Development, Mighty River Power, and Air New Zealand

Demographics – market share

Aged care and retirement village market share

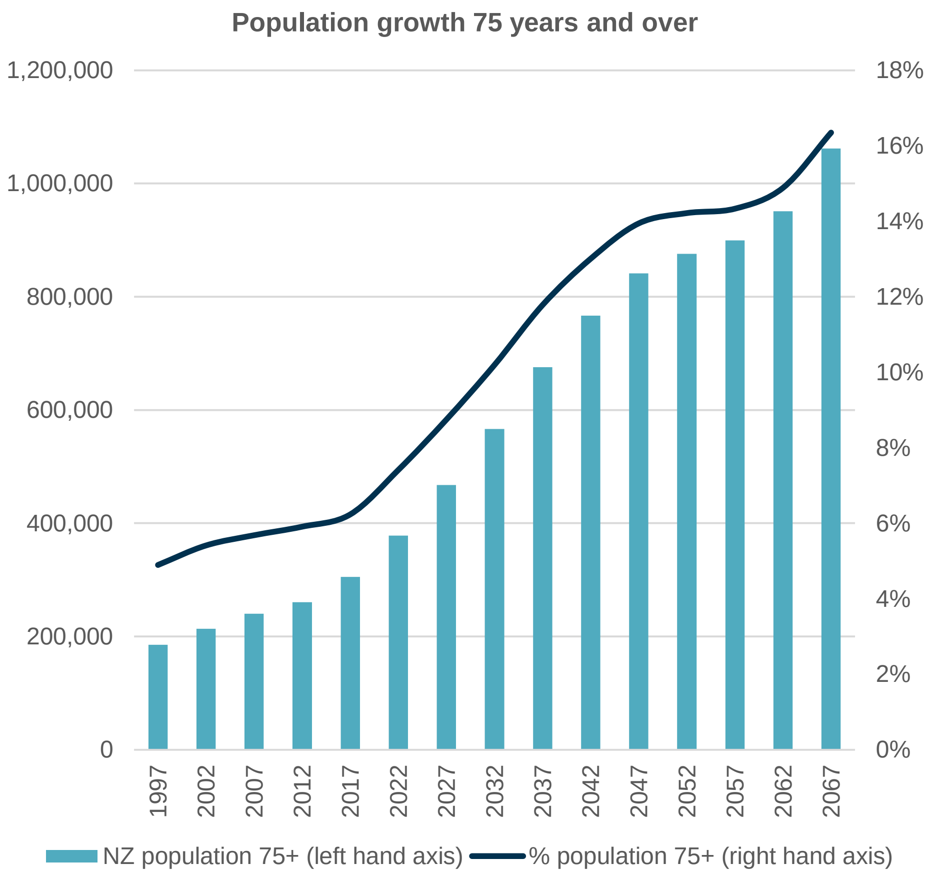


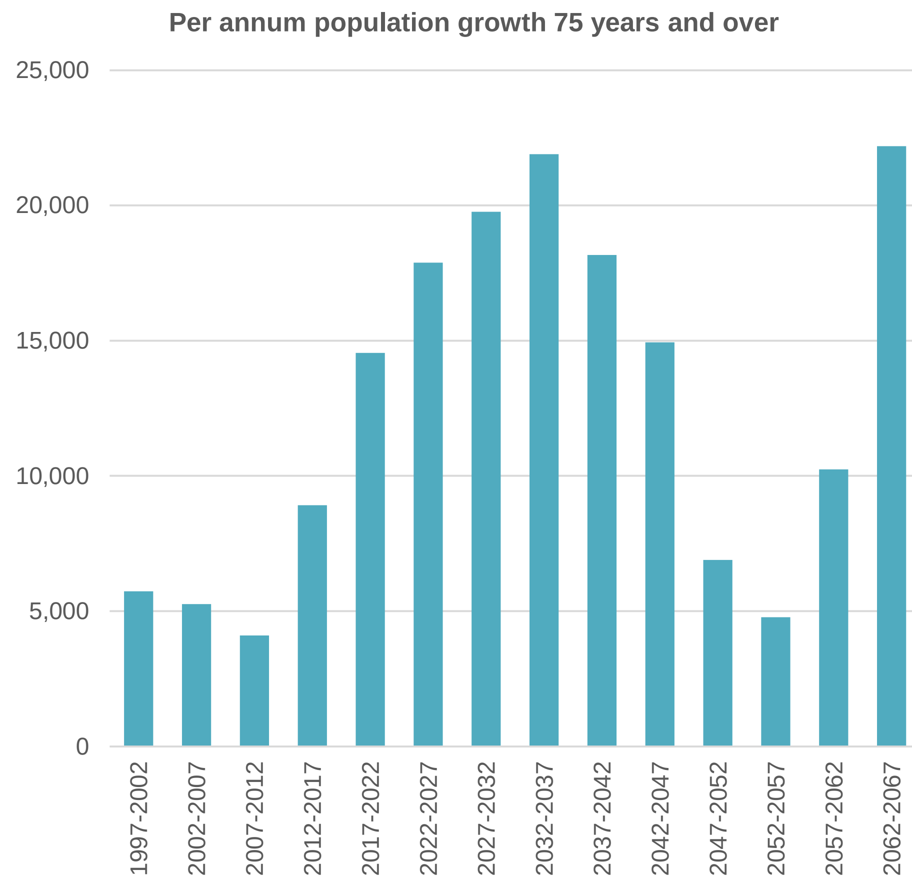


Source: CBRE as at May 2018

Demographics - population

Population over 75 years forecast to grow 245% from 2018 to 2068



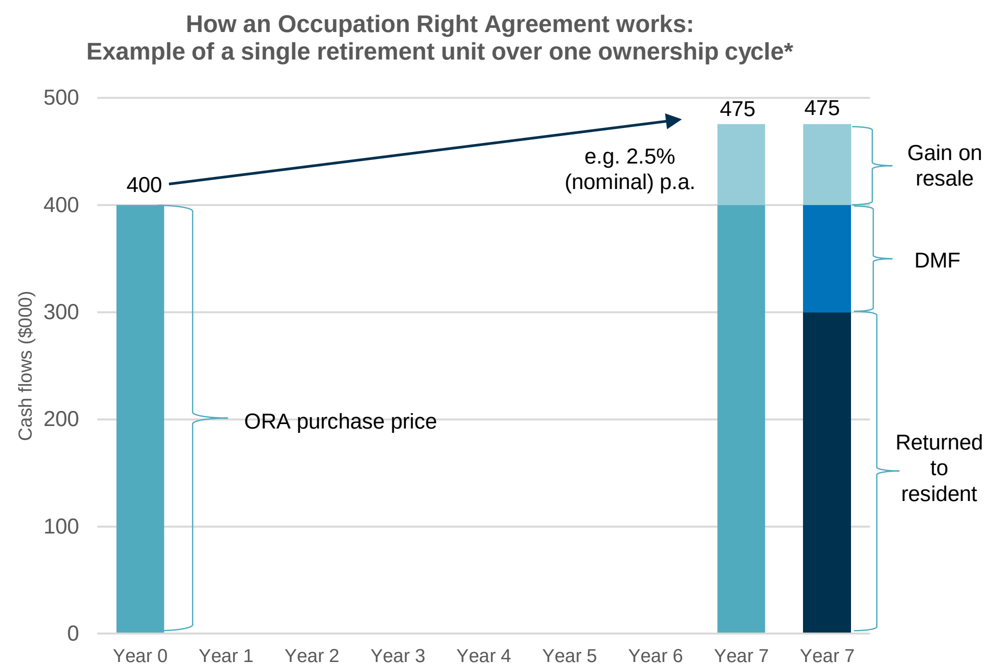


Source: Statistics New Zealand – National Population Projections

ORA overview

How an occupation right agreement (ORA) works

- Residents moving into a retirement village enter into an ORA
- An ORA grants the resident the right to occupy a retirement unit in exchange for a lump sum payment to the operator (residents' loans on the balance sheet)
- Legal ownership of the retirement unit remains with the retirement village operator
- A deferred management fee (DMF) is accrued over a resident's tenure and realised on the resale of their ORA. For Summerset, this is typically a maximum of 25% of the ORA price
- When Summerset sells an ORA on a retirement unit previously occupied, the lump sum payment from the previous resident, less the DMF, is repaid to the previous resident using proceeds from the incoming resident



** This is an illustrative example of a $400k ORA with a 25% deferred management fee charge and a duration of 7 years. The example assumes 2.5% nominal growth per annum in the market price of the ORA and is shown for illustrative purposes only*

Portfolio as at 30 June 2018

3,443 retirement units and 858 care beds

Existing portfolio - as at 30 June 2018

Village	Villas	Apartments	Serviced apartments	Memory care apartments	Total retirement units	Total care beds
Ellerslie	34	23	57	-	114	58
Hobsonville	115	37	29	-	181	52
Karaka	143	-	59	-	202	50
Manukau	89	67	27	-	183	54
Warkworth	164	2	44	-	210	41
Auckland	**545**	**129**	**216**	**-**	**890**	**255**
Hamilton	183	-	50	-	233	49
Rototuna	14	-	-	-	14	-
Taupo	94	34	18	-	146	-
Waikato	**291**	**34**	**68**	**-**	**393**	**49**
Katikati	140	-	20	-	160	49
Bay of Plenty	**140**	**-**	**20**	**-**	**160**	**49**
Hastings	146	5	-	-	151	-
Havelock North	94	28	-	-	122	45
Napier	94	26	20	-	140	48
Hawke's Bay	**334**	**59**	**20**	**-**	**413**	**93**
New Plymouth	108	-	40	-	148	52
Taranaki	**108**	**-**	**40**	**-**	**148**	**52**
Levin	64	22	-	10	96	41
Palmerston North	90	12	-	-	102	44
Wanganui	70	18	12	-	100	37
Manawatu-Wanganui	**224**	**52**	**12**	**10**	**298**	**122**
Aotea	96	33	38	-	167	-
Paraparaumu	92	22	-	-	114	44
Trentham	231	12	20	-	263	44
Wellington	**419**	**67**	**58**	**-**	**544**	**88**
Nelson	214	-	55	-	269	59
Nelson-Tasman	**214**	**-**	**55**	**-**	**269**	**59**
Casebrook	31	-	-	-	31	-
Wigram	143	-	53	-	196	49
Christchurch	**174**	**-**	**53**	**-**	**227**	**49**
Dunedin	61	20	20	-	101	42
Otago	**61**	**20**	**20**	**-**	**101**	**42**
Total	**2,510**	**361**	**562**	**10**	**3,443**	**858**

Land bank as at 30 June 2018*

Land bank* of 3,333 retirement units and 368 care beds

Land bank - as at 30 June 2018*

Village	Villas	Apartments	Serviced & memory care apartments	Total retirement units	Total care beds
Ellerslie	8	196	0	204	0
Hobsonville	10	36	23	69	0
Karaka	39	0	0	39	0
Parnell	0	264	76	340	48
St Johns	0	236	76	312	32
Warkworth	38	0	0	38	0
Auckland	**95**	**732**	**175**	**1,002**	**80**
Rototuna	174	0	76	250	43
Waikato	**174**	**0**	**76**	**250**	**43**
Katikati	16	0	0	16	0
Bay of Plenty	**16**	**0**	**0**	**16**	**0**
Te Awa	252	0	76	328	43
Hawke's Bay	**252**	**0**	**76**	**328**	**43**
New Plymouth	216	0	76	292	43
Taranaki	**216**	**0**	**76**	**292**	**43**
Kenepuru	100	93	106	299	43
Lower Hutt	42	109	66	217	30
Trentham	0	0	20	20	0
Wellington	**142**	**202**	**192**	**536**	**73**
Richmond	234	0	76	310	43
Nelson	**234**	**0**	**76**	**310**	**43**
Avonhead	156	12	98	266	43
Casebrook	229	12	76	317	43
Wigram	16	0	0	16	0
Christchurch	**401**	**24**	**174**	**599**	**86**
Total	**1,530**	**958**	**845**	**3,333**	**411**

** Land bank reflects current intentions as at June 2018 and includes acquisition of new land in New Plymouth post 30 June 2018 half year balance date*

7 year metrics summary

Underlying profit 7 year CAGR of 41%

	Half Year Results	7 Year CAGR*	1H18	2H17	1H17	2H16	1H16	2H15	1H15	FY11
Operational	New sales of occupation rights	15%	145	203	179	231	183	173	160	108
	Resales of occupation rights	14%	154	156	144	121	123	135	110	123
	Total sales	**15%**	**299**	**359**	**323**	**352**	**306**	**308**	**270**	**231**
	New retirement units delivered	15%	165	279	171	219	190	162	141	122
	Retirement units in portfolio	14%	3,443	3,278	2,999	2828	2609	2419	2257	1,486
	Care beds in portfolio	16%	858	806	748	748	621	616	523	327
Financial (NZ$m)	Total revenue ($m)	21%	65.7	59.8	50.7	46.0	40.0	36.2	32.6	33.7
	Net profit after tax ($m)	68%	82.0	133.2	90.3	94.9	50.6	48.5	35.7	4.3
	Underlying profit** ($m)	41%	45.2	46.0	35.7	31.9	24.7	20.7	17.1	8.1
	Net operating cash flow ($m)	23%	92.8	121.3	86.4	108.2	84.4	76.7	63.6	43.7
	Total assets ($m)	22%	2,419.6	2,216.3	1,932.1	1,706.8	1,521.4	1,363.5	1,161.3	616.9
	Total equity ($m)	20%	840.5	769.3	627.6	545.6	448.7	409.8	363.7	233.4
	Interest bearing loans and borrowings ($m)	28%	379.7	347.2	315.3	274.0	262.7	248.2	160.9	69.1
	Cash and cash equivalents ($m)	7%	14.7	7.6	13.1	8.7	9.4	6.7	6.5	9.0
	Gearing ratio (Net D/ Net D+E)	6%	30.3%	30.7%	32.5%	32.7%	36.1%	37.1%	29.8%	20.5%
	EPS (cents) (IFRS profit)	63%	37.22	60.86	41.37	43.6	23.3	22.4	16.5	2.39
	NTA (cents)	19%	377.85	347.56	285.72	249.9	206.1	188.5	167.5	109.33
	Development margin (%)	27%	33.0%	26.9%	28.0%	23.6%	20.3%	21.4%	18.4%	6.2%

** Compound annual growth rate. Annualised 1H18 result compared to FY11*

*** Refer to slide 2 for further information on underlying profit*