

Full year results presentation

Year ended 31 December 2019

Summerset Group Holdings Limited

25 February 2020



Agenda

1 FY19 result highlights

2 Strategic update

3 Business overview

4 Financial results

5 Final dividend

6 Appendix

A photograph of a modern residential street. On the left, a black street lamp stands next to a concrete curb. The road is paved and curves to the right. On the right side of the road, there are two-story houses with light-colored siding and dark roofs. Some houses have balconies and awnings. The sky is blue with some light clouds. A semi-transparent white box with the text "FY19 result highlights" is overlaid on the left side of the image.

FY19 result highlights

Summary

Key result highlights

1. Underlying profit of \$106.2m, up 8%
2. Total assets are now \$3.3b, up 21%, and equity of \$1.1b, up 16%
3. Consistent growth over time with the largest New Zealand land bank of all operators
4. Australian growth ramping up with two sites already acquired
5. Opened three new villages in Avonhead, Richmond and Kenepuru
6. A further three villages to be opened in FY20 in Papamoa Beach, Te Awa and Bell Block
7. Two memory care centres to open in FY20 in Casebrook and Rototuna



FY19 result snapshot



Continued growth whilst positioning for a higher build rate



\$106.2m

Underlying profit

FY18 \$98.6m 8%



\$175.3m

Net profit after tax

FY18 \$214.5m -18%



\$237.9m

Net operating cash flow

FY18 \$217.8m 9%



\$3.3b

Total assets

FY18 \$2.8b 21%



4,940

Largest land bank for a retirement village operator in NZ

FY18 3,910 26%



2 **Main buildings**

With new memory care due to open in 2020

(Casebrook and Rototuna)



3 **New villages**

opened in 2019



2 **Australian sites**

acquired in 2019



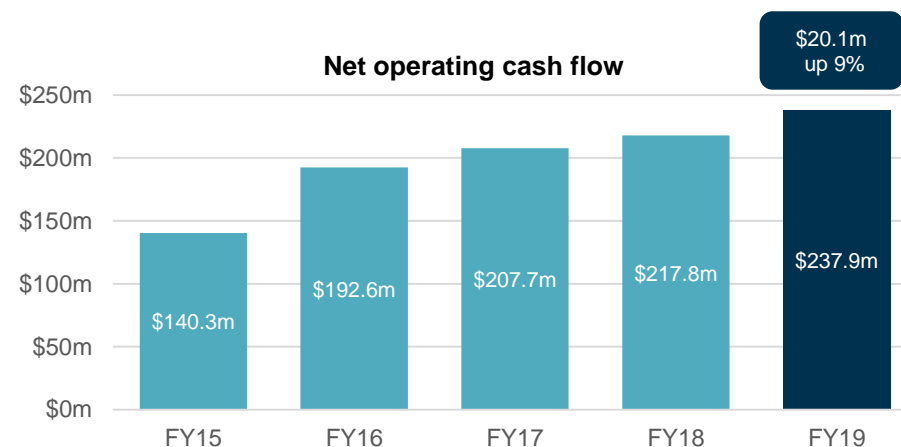
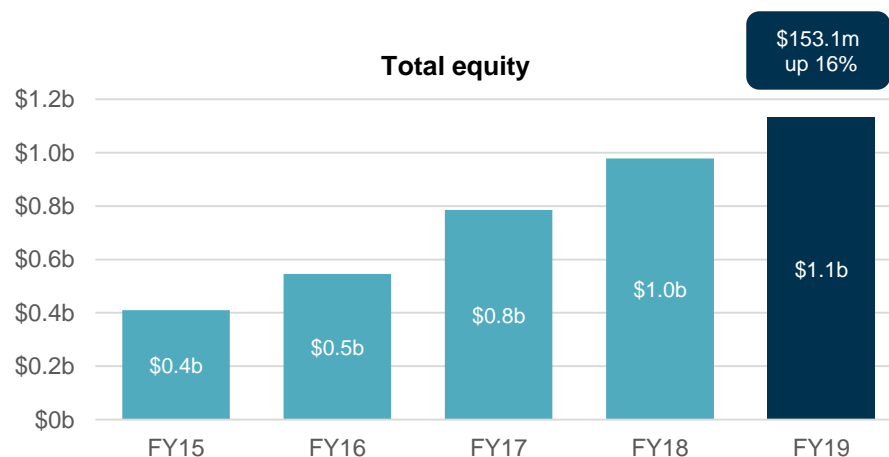
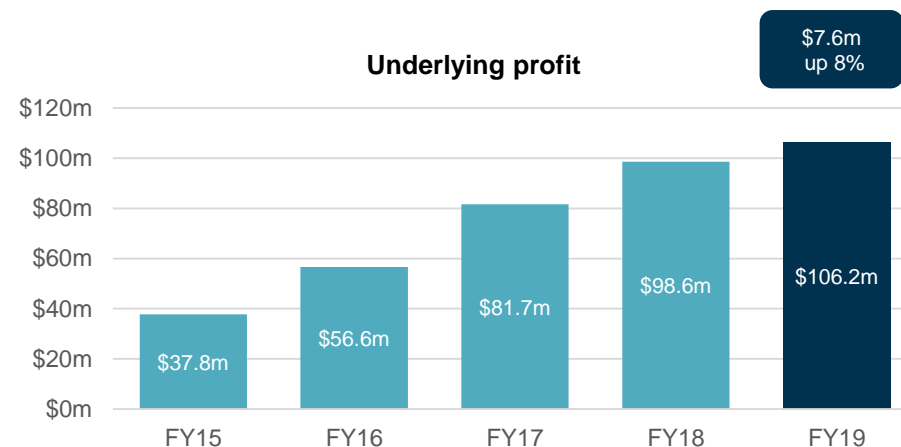
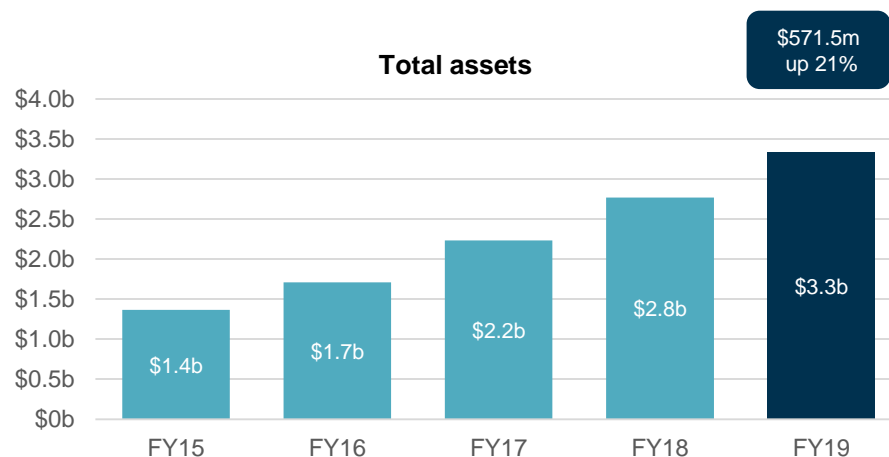
5 **New Zealand sites**

acquired in 2019

FY19 result highlights



Consistent growth over time





Strategic update

Summerset strategy



Summerset builds, owns and operates integrated retirement villages

- 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
- Expanding into Victoria, Australia



Summerset snapshot

Diversified portfolio throughout New Zealand

- 22 years of consistent delivery and asset growth
- Total assets have grown more than five times since listing on the NZX in 2011
- Portfolio of 4,086 retirement units and 858 care beds
- More than 5,500 residents
- 31 villages completed or under development
- Opened three new villages in FY19 in Avonhead, Richmond and Kenepuru
- Eight greenfield sites in New Zealand
- Two sites in Australia, in Cranbourne North, Melbourne and Torquay, Victoria
- Largest New Zealand land bank for a retirement village operator of 4,940 retirement units as at FY19 (5,380 including Australia)



Growth path – New Zealand

Six new villages opening across FY19 and FY20

- Delivered 354 retirement units in FY19
- Four new villages consented in FY19 plus the extensions to our Hobsonville and Casebrook villages
- FY20 build rate of around 400 retirement units expected
- Total land bank of 5,380 positions us well for further delivery growth beyond FY20
- A larger land bank allows delivery over a greater number of sites, providing flexibility to capitalise on positive market opportunities
- Opened three new villages in FY19, with a further three new villages opening in FY20 (Te Awa, Bell Block and Papamoa Beach villages)
- New concept main buildings in Casebrook and Rototuna opening in FY20, including NZ's leading memory care offering

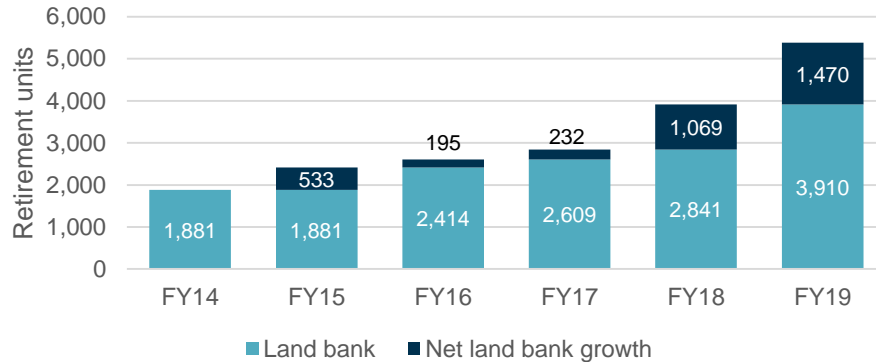


Positioned for growth

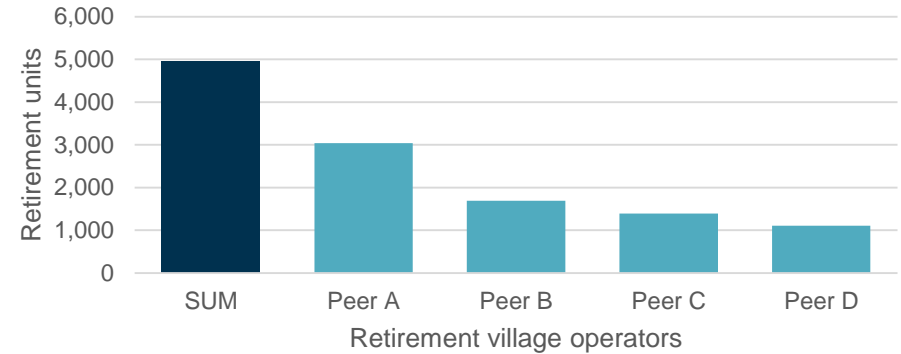


Minimal difference in sales price growth between Auckland and rest of NZ

Australia / NZ land bank over time

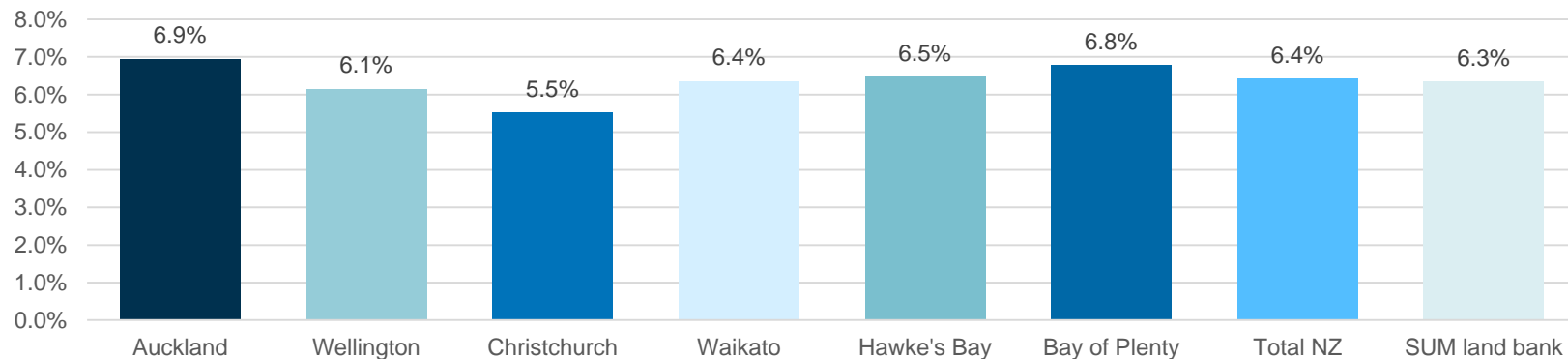


NZ land bank comparison *



* Based on most recent results presentations

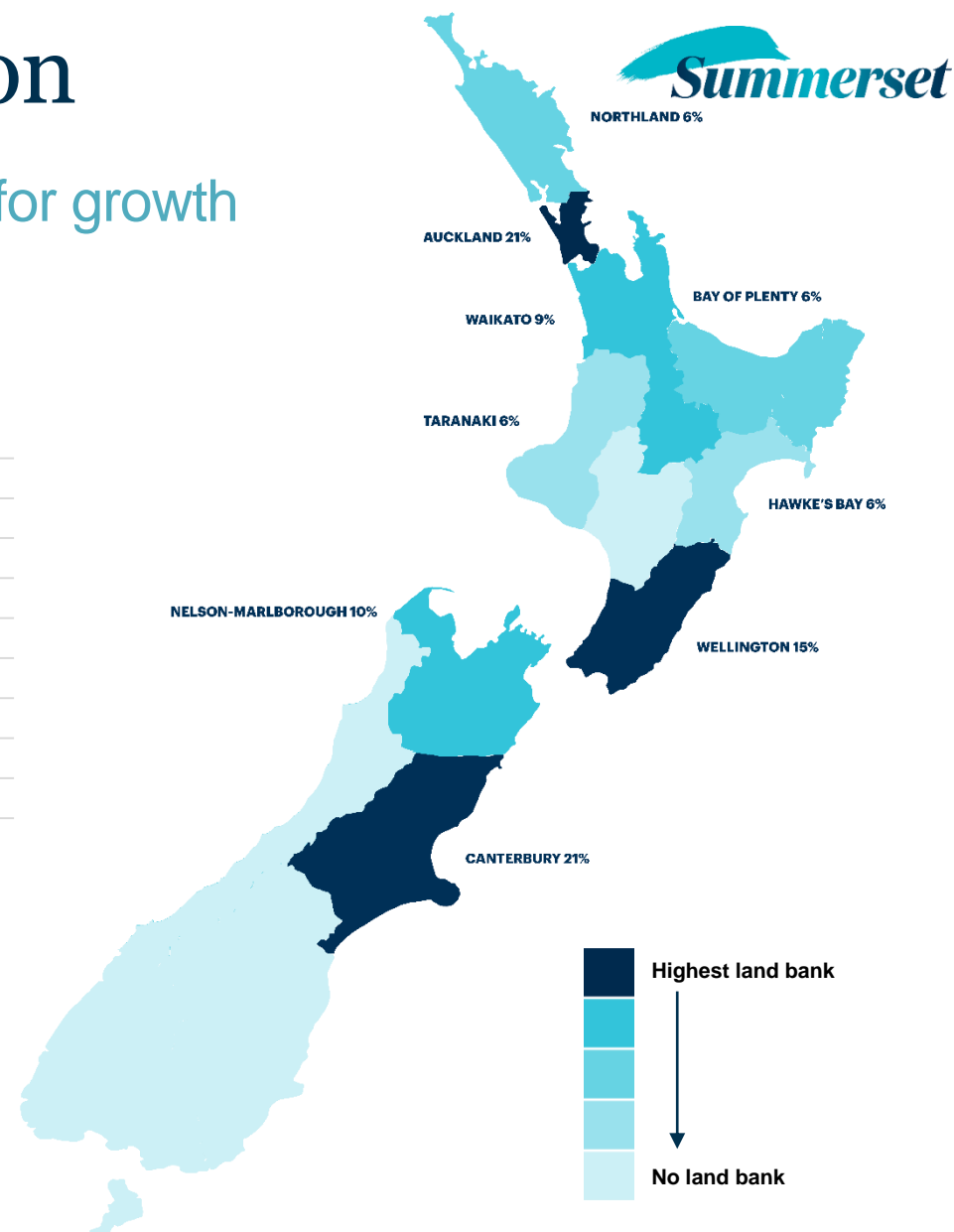
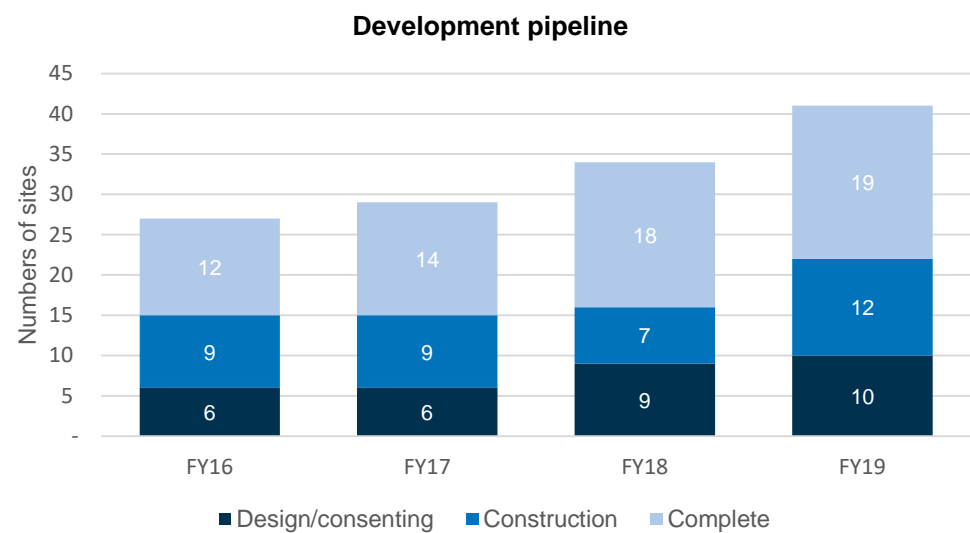
Annual change in house prices (1992 - 2019)**



** Based on compounded annual growth rate (CAGR) - Source: REINZ

Land bank diversification

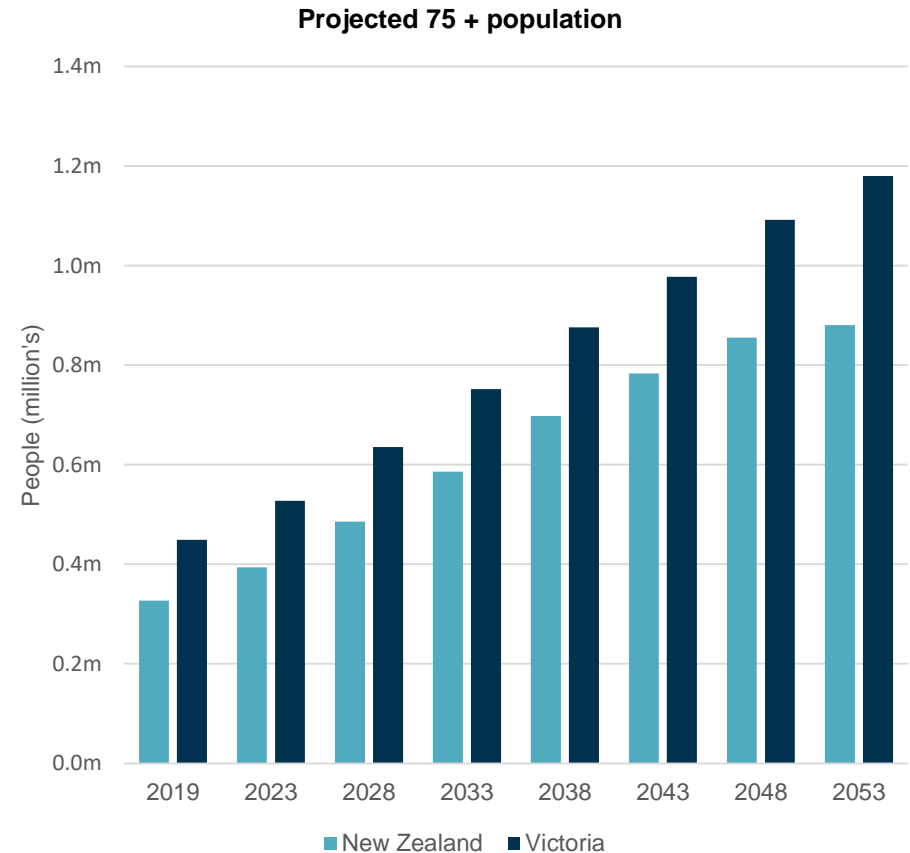
Diversified land bank provides platform for growth



Growth path - Australia

Victoria has a greater projected 75+ population than New Zealand

- Victoria's population is similar in scale to the whole of NZ providing a strong growth opportunity
- Purchased two sites and significant work has been undertaken on our Australian village design
- Secured “approved provider” status to deliver residential aged care and home care services in Australia from the Department of Health
- We will offer the full continuum of care in our proposed Australian villages to differentiate ourselves from the current market offering
- Our Melbourne office was established in FY18
- Plan to open our first village in late FY21 / early FY22
- Actively seeking further land opportunities
- Building Melbourne team capability and size
- Penetration rates for over 75 year olds living in a retirement village in Victoria are circa 10%, relative to New Zealand at 15%



Source: Statistics New Zealand
Source: Australian Bureau of Statistics

Growth path - Australia

New sites in Cranbourne North and Torquay

Cranbourne North

- Acquisition of an 8.0 ha property in south-east Melbourne in the Cranbourne North suburb, 41km away from Melbourne CBD
- The site is located close to four shopping centres, a golf course, public transport and will be adjacent to a public reserve with walking tracks
- Surrounded by existing residential developments

Torquay

- Acquisition of an 8.3 ha property in Torquay, south-west of Melbourne, 22km away from Geelong
- Torquay is known for its scenic beaches and as an entry point to the Great Ocean Road
- The site is located close to a number of shopping centres, public transport and walking distance from the beach



A photograph of three women of diverse backgrounds smiling and looking towards the camera. They are wearing dark purple blouses with a colorful floral pattern. The woman in the foreground on the right has dark hair and is wearing red lipstick. The woman in the middle has blonde hair and a nose ring. The woman in the background has dark hair. A semi-transparent white box is overlaid on the left side of the image, containing the text 'Business overview' in a dark blue serif font.

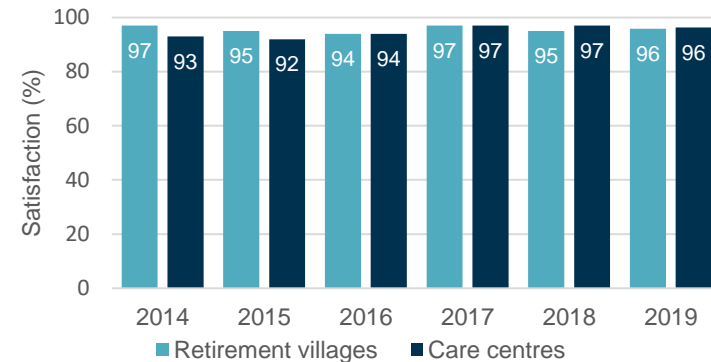
Business overview

Bringing the best of life - residents

Continued improvement of resident wellbeing

- 96% resident satisfaction for both our retirement villages and care centres from our independently run survey, consistent with previous years
- Dedicated Food Services Lead to continue to lift food offering
- Food offering has three regional providers and two villages are now run in-house which has been well received by residents
- New signature fitness programme has been professionally developed which focuses on muscle strength and coordination. Programme will be progressively rolled out to all villages
- Resident feedback when testing the new fitness programme has been positive and we have gained accreditation to the falls prevention standard, "Live Stronger for Longer," established by ACC and Ministry of Health
- Summerset Connect speaker series hosted over 3,000 guests in FY19, which included speakers such as Peter Hillary, Sir Richard Hadlee and Keith Quinn

Resident satisfaction survey



Bringing the best of life - care

Increased focus on continuum of care, next generation memory care

- Our new concept Casebrook and Rototuna main buildings include market leading memory care facilities, bringing apartment living to a secure environment
- We have adopted the seven international Dementia Friendly Recognition standards and are in the final stages of achieving Alzheimers New Zealand accreditation to become Dementia Friendly Organisation
- The Dementia Friendly Recognition standards provide staff an understanding of dementia, and ensure all our villages support people living with dementia
- Principal sponsor of the “Still Me” Gala Ball held in Auckland as a fundraiser for Dementia Auckland
- Lead industry benchmarking group for clinical and quality of life indicators – a group of like-minded operators focused on improving residents’ care outcomes



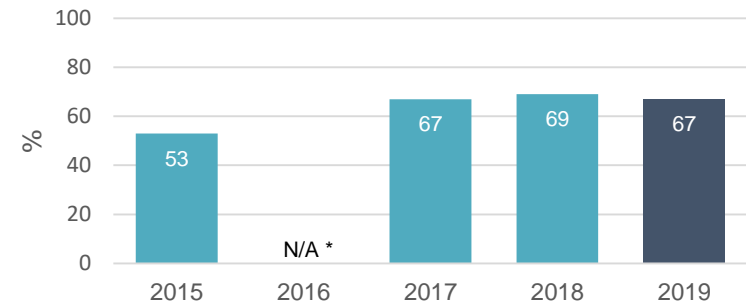
Bringing the best of life - staff



Large investments continue to be made for nurses and caregivers

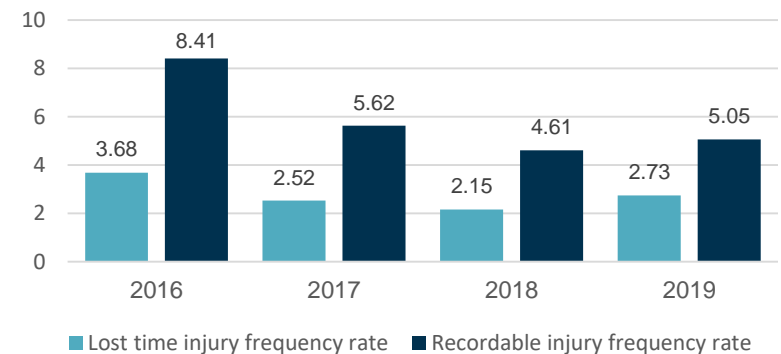
- Large investments being made in FY20 in relation to remuneration increases for nurses and caregivers to achieve target of “top equal payer” in the sector
- Our staff engagement measured 67% (independently measured by Kincentric), this was just below the top quartile cut-off for Australasian companies
- Implemented a “Good Yarn” programme, at our construction sites, encouraging workers to confide with colleagues when under pressure or stressed on the job
- More than 300 staff members had vested shares transferred to them in FY19 through our employee share plan, rewarding them for their commitment to Summerset
- Two nursing scholarships were awarded in 2019
- Awarded tertiary status in ACC’s Accredited Employers Programme, reflecting our emphasis on health and safety
- Slight increase in group lost time injury frequency rate (LTIFR) due to improved culture and reporting practices
- Construction sites have achieved a fourth consecutive year of reduced LTIFR

Staff engagement survey



Survey undertaken by Kincentric
* No survey completed in FY16

Workplace injury rates



The prior year LTIFR numbers have been updated due to Summerset changing to the benchmark methodology used by the Business Leaders' Health and Safety Forum

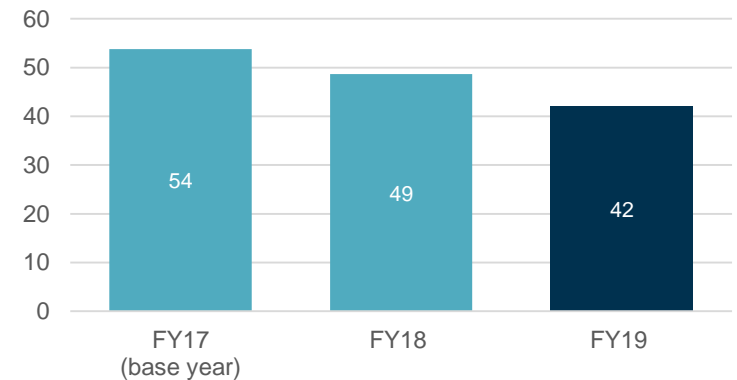
Bringing the best of life - sustainability

Emission intensity tracking down over time

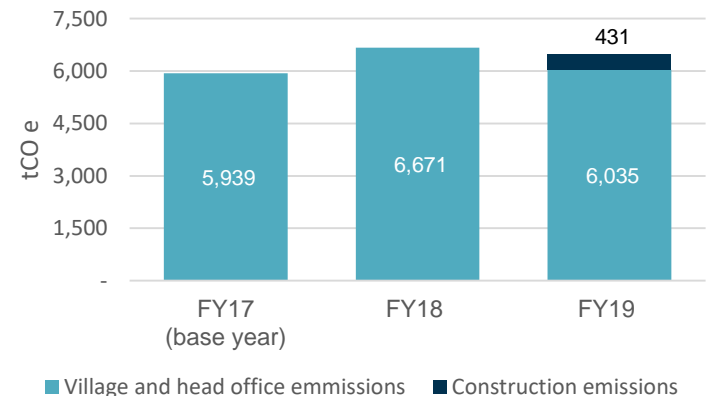
- In FY18, we became the first NZ retirement village operator to become CEMARs certified (now Toitu carbonreduce)
- First NZ retirement village operator to become carbonzero certified in February 2019
- Joined the Climate Leaders Coalition, pledging our commitment to take action
- In FY19, we have reduced our absolute carbon emissions by 636 tonnes of carbon, despite ongoing business growth
- FY19 carbon emission intensity reduced through initiatives such as reducing energy use, paper use, air travel, waste sent to landfill and optimising fertilisers used at our villages
- The reduction in our emissions for FY19 puts us on track to achieve our certified emissions reduction target
- Currently reviewing how we can increase our sustainability focus into our village developments



Emissions intensity - CO₂e tonnes per \$million revenue



Absolute emissions progress



FY19 development activity

Delivery of 354 retirement units in FY19 across eight sites

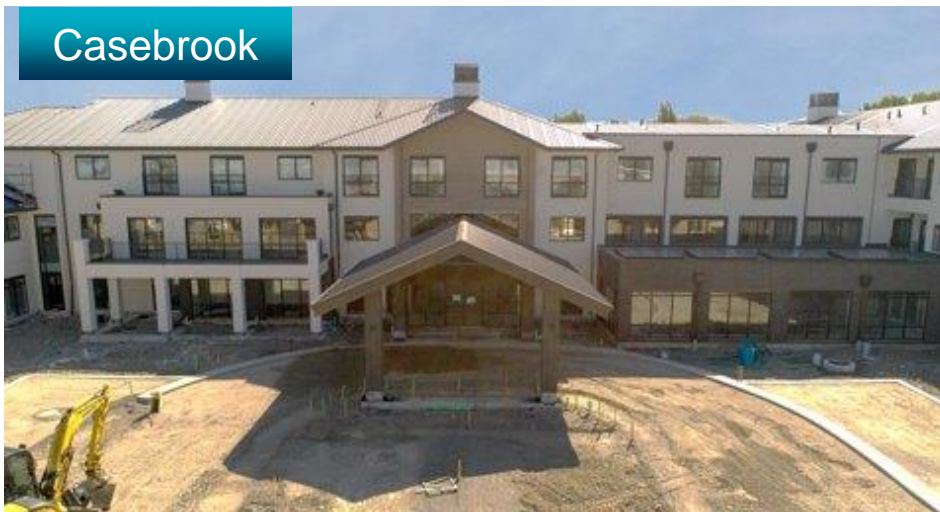
Rototuna



Avonhead



Casebrook



Richmond



FY19 development activity

Delivery of 354 retirement units in FY19 across eight sites

Hobsonville



Ellerslie



Kenepuru



Warkworth



FY19 development activity

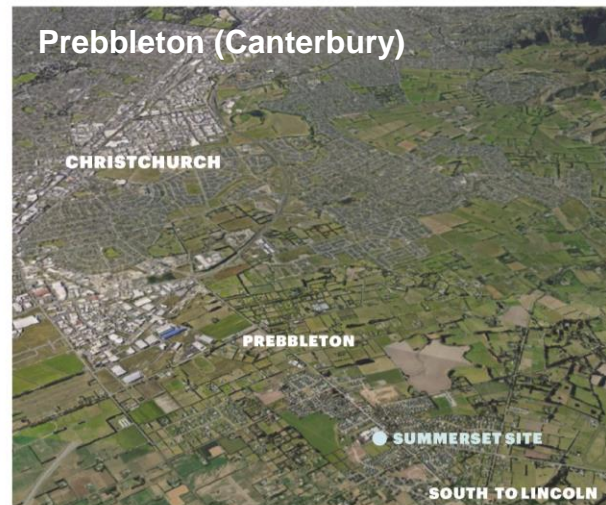
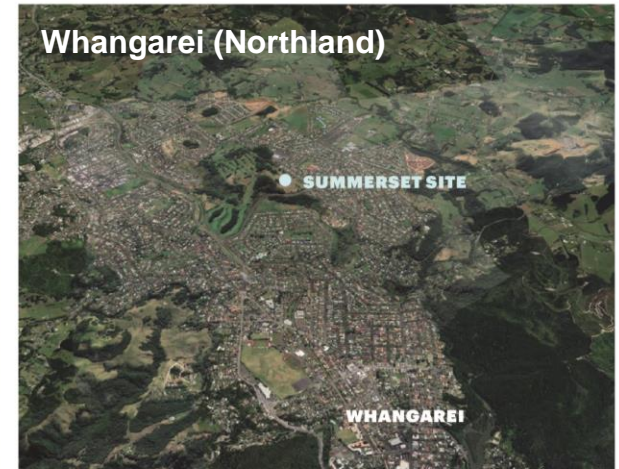
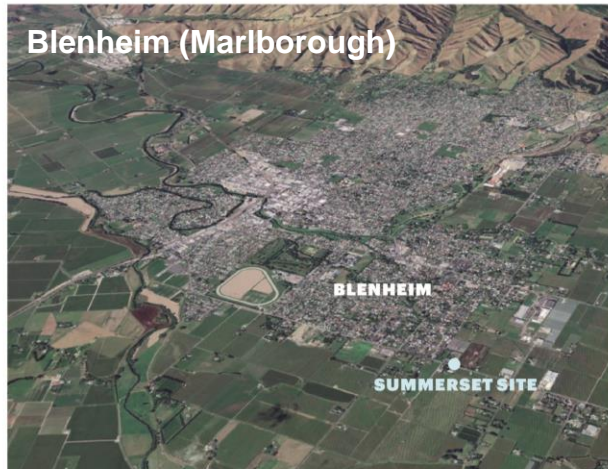
Delivery of 354 retirement units in FY19 across eight sites

Unit delivery FY19	Villas	Apartments	Serviced apartments	Total retirement units	Total care beds
Avonhead	60	-	-	60	-
Casebrook	65	-	-	65	-
Ellerslie	-	67	-	67	-
Hobsonville	8	8	4	20	-
Kenepuru	29	-	-	29	-
Richmond	31	-	-	31	-
Rototuna	59	-	-	59	-
Warkworth	23	-	-	23	-
Total	275	75	4	354	-

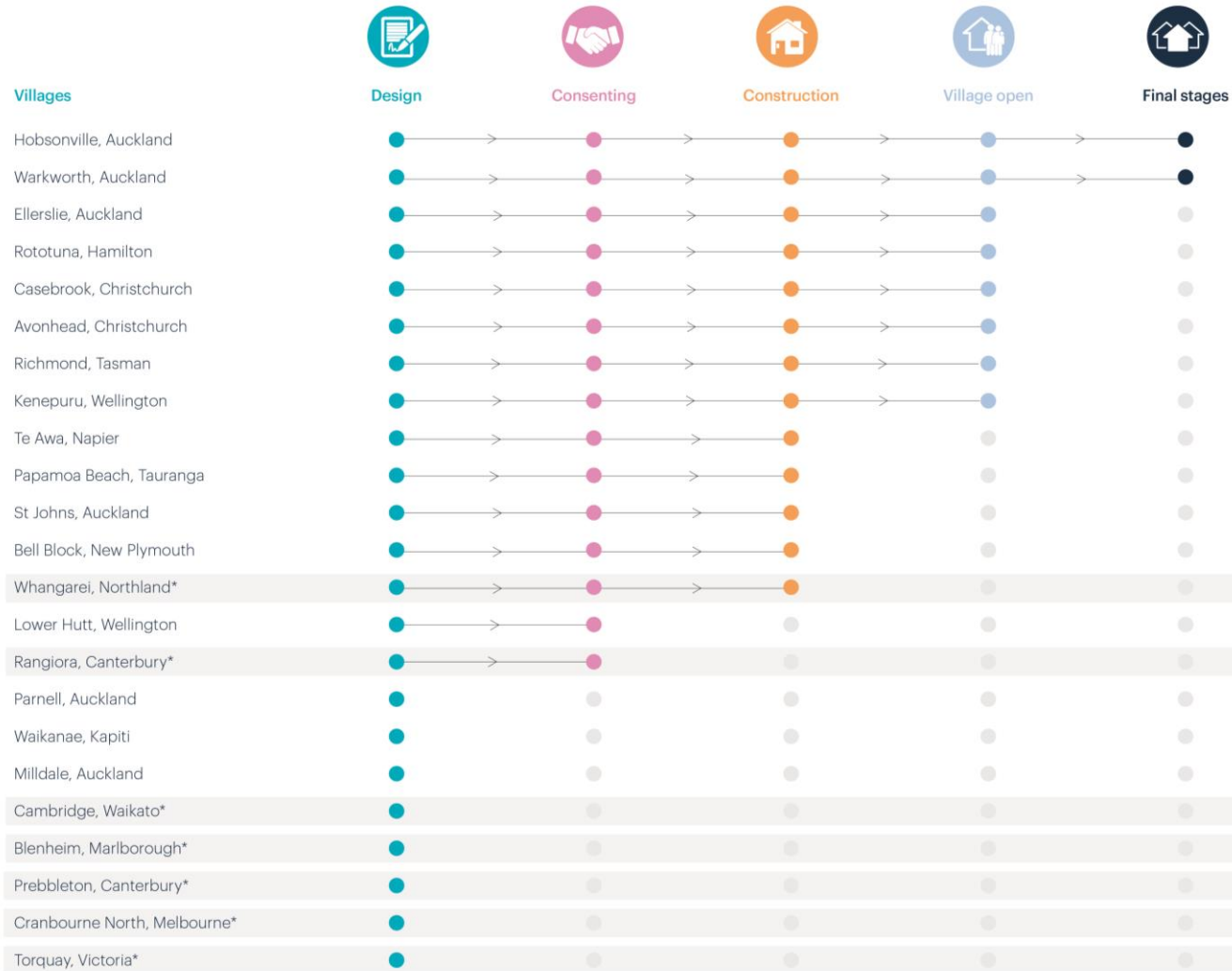
- 354 retirement units were delivered across eight villages and on track to deliver around 400 retirement units in FY20
- Completed the Warkworth village extension
- Completed existing Hobsonville village with further development planned on an additional 1.3 hectares purchased in FY19
- Opened Kenepuru (Wellington), Richmond (Nelson-Tasman) and Avonhead (Christchurch) villages with first stages delivered
- Started construction on villages in Papamoa Beach (Tauranga), Bell Block (New Plymouth) and Te Awa (Napier). These will open in FY20
- Well progressed on new concept main buildings in Rototuna and Casebrook, these will open in FY20 with 152 retirement units in total
- No care beds delivered in FY19. FY20 will see 86 care beds delivered in Casebrook and Rototuna

New land sites acquired

Seven new land sites acquired in FY19, five in NZ and two in Australia



Development pipeline

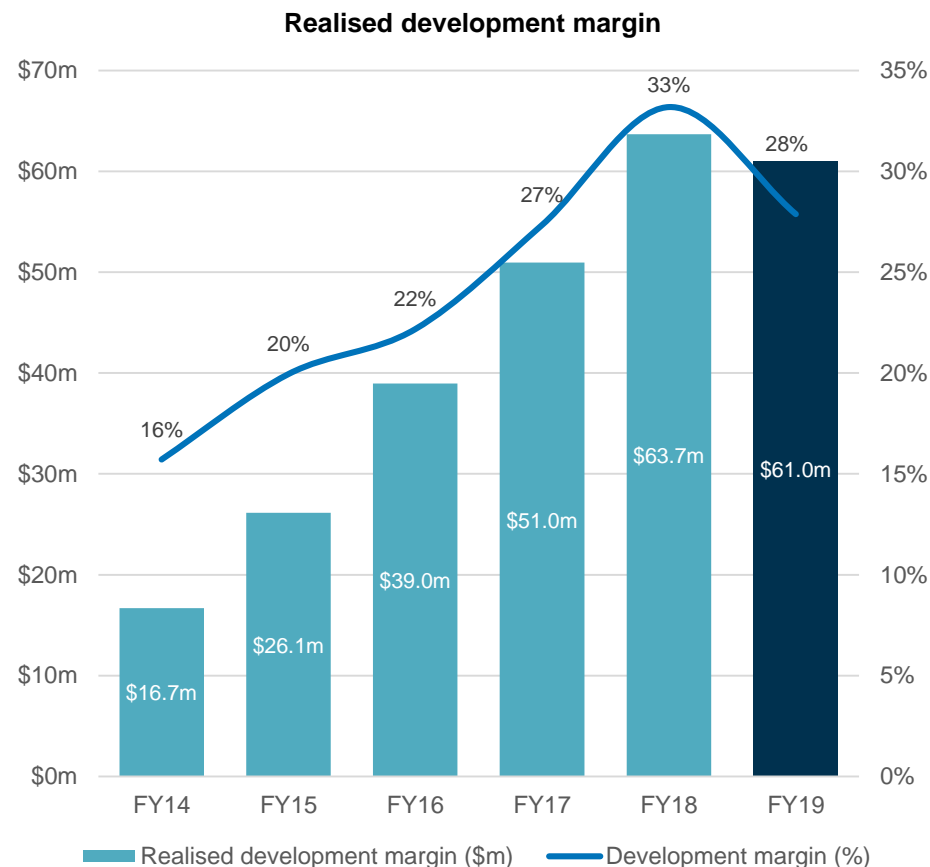


* Seven new sites purchased in FY19

Development margin

Realised development margin of \$61.0m, with a 28% development margin

- Full year realised development margin of \$61.0m
- Development margin of 28% achieved in FY19
- Drop in development margin from FY18 is reflective of:
 - Higher construction costs in Auckland and Wellington regions
 - Developing land more recently purchased
- Settlements of new occupation rights were around 50% in the Auckland market compared to the rest of New Zealand (FY18 ~40%)
- Over the medium term we expect development margins to be within our target range of approximately 20% to 25%

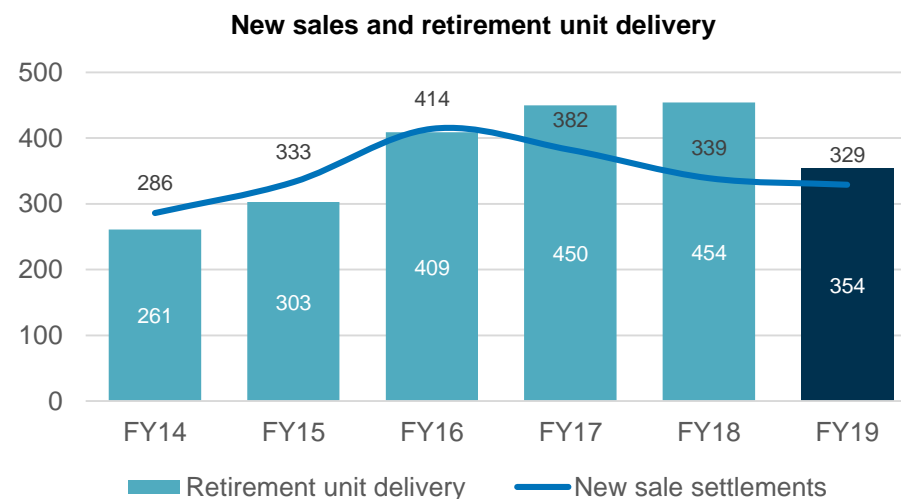


New sales of occupation rights

Record gross proceeds of \$218.7m, up 14%

- 329 new sales of occupation rights in FY19
- Gross proceeds were up 14% from FY18
- Average gross proceeds per new sale settlement of \$665k, up from \$566k in FY18
- Strong presales on three new villages opened in FY19
- The increase in apartment sales principally reflects the sell down of our Ellerslie apartments with good sales momentum following the completion of the Ellerslie lake
- Serviced apartment sales are lower due to no new main buildings opening in FY19

New sales	FY19	FY18	Variance	FY17
Gross proceeds (\$m)	218.7	192.0	14%	186.4
Villas	216	235	(8%)	235
Apartments	62	16	288%	29
Serviced and memory care apartments	51	88	(42%)	118
Total occupation rights	329	339	(3%)	382



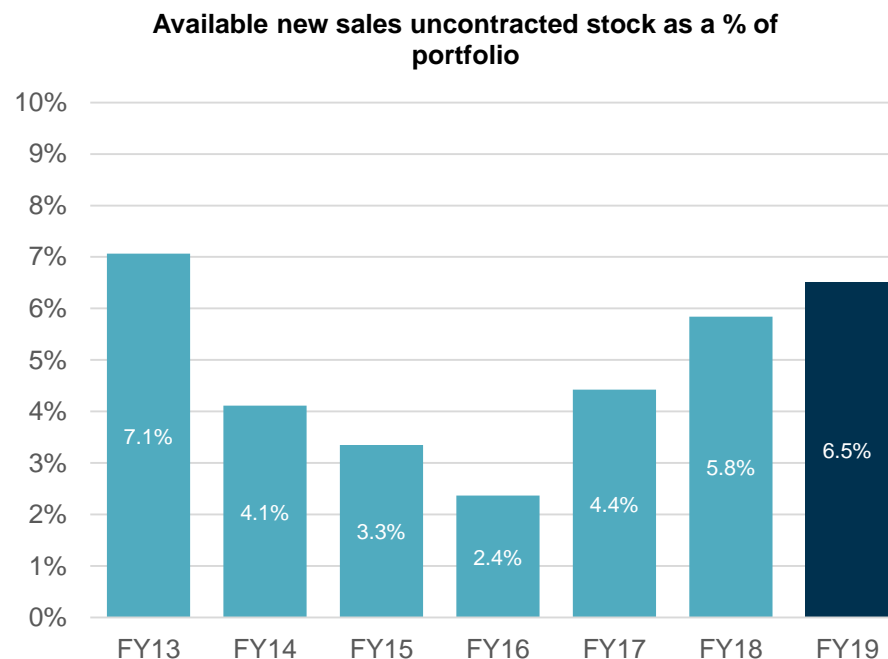
New sales stock



Stock levels remain stable relative to FY18

- Serviced apartment stock has decreased 54% from FY18
- In FY19 we delivered 75 apartments in Auckland (largely Ellerslie), strong sales throughout the year result in similar apartment stock levels to FY18
- Increase in villa stock reflects timing of deliveries across Rototuna and Casebrook, with good sell down rates through 2H19

New sales stock	FY19	FY18	FY17
Contracted	78	101	59
Uncontracted	266	218	145
Total new sales stock	344	319	204
Contracted	59	45	26
Uncontracted	147	102	41
Villas	206	147	67
Contracted	11	38	5
Uncontracted	87	47	14
Apartments	98	85	19
Contracted	8	18	28
Uncontracted	32	69	90
Serviced & memory care apartments	40	87	118

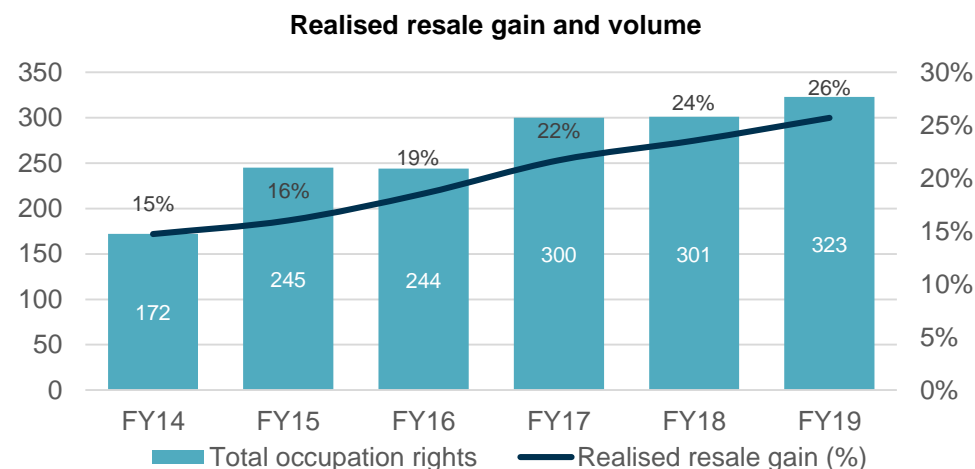
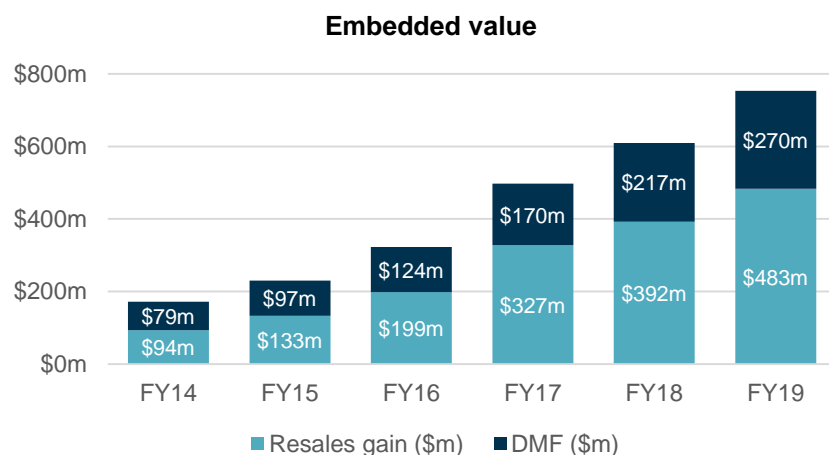


Resales of occupation rights

Record total resales and embedded value

- Realised resale gain has increased by 29% to \$36.9m in FY19
- Resales of occupation rights up 7% with FY19 at 323
- Average gross proceeds per resale settlement of \$445k, up 10% from \$406k in FY18
- Embedded value of \$184k per retirement unit, up 13% from \$163k in FY18
- Embedded resale gain of \$118k per retirement unit, up from \$105k in FY18

Resales	FY19	FY18	Variance	FY17
Gross proceeds (\$m)	143.7	122.2	18%	114.9
Realised resale gains (\$m)	36.9	28.7	29%	24.9
Realised resale gains (%)	26%	24%	9%	22%
DMF realisation (\$m)	18.9	15.0	26%	13.8
Villas	173	163	6%	172
Apartments	31	48	(35%)	46
Serviced and memory care apartments	119	90	32%	82
Total occupation rights	323	301	7%	300



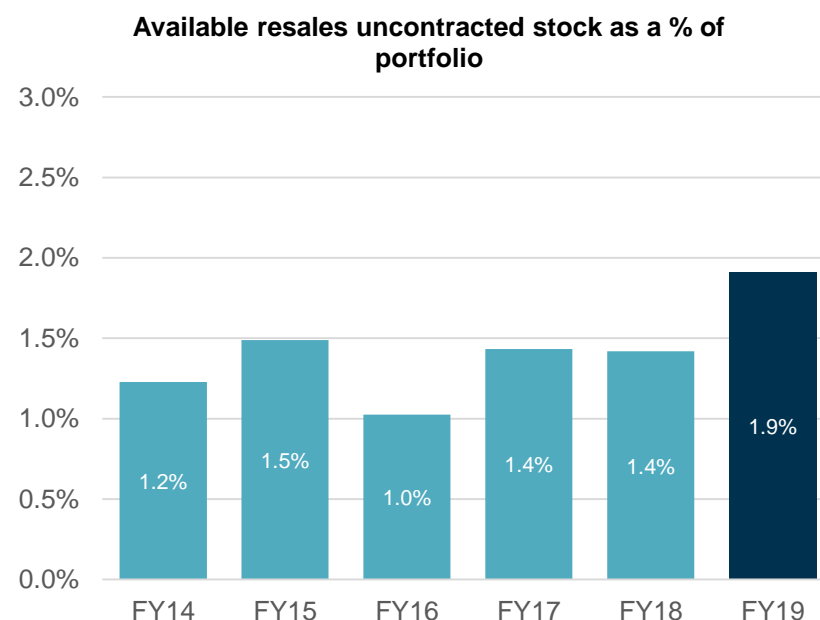
Resales stock



Resales stock levels remain low despite growing portfolio

- Higher resale stock was driven from increased stock becoming available in Q4
- Waitlist numbers have increased from FY18, showing strong demand remains for our stock

Resales stock	FY19	FY18	FY17
Contracted	54	58	63
Uncontracted	78	53	47
Total resales stock	132	111	110
Contracted	29	27	37
Uncontracted	35	33	24
Villas	64	60	61
Contracted	5	6	9
Uncontracted	15	3	5
Apartments	20	9	14
Contracted	20	25	17
Uncontracted	28	17	18
Serviced & memory care apartments	48	42	35



A photograph of a modern, multi-story apartment complex with a light-colored facade and dark grey accents. The building features numerous balconies with glass railings. In the foreground, a wooden walkway with a matching railing leads towards the building. A red lifebuoy with white reflective stripes is hanging from the railing on the left. The walkway is bordered by a green lawn and some landscaping. In the background, there are palm trees and a clear blue sky. The text "Financial results" is overlaid in a dark blue serif font on a semi-transparent white rectangular background.

Financial results

FY19 reported profit (IFRS)



FY19 net profit after tax of \$175.3m

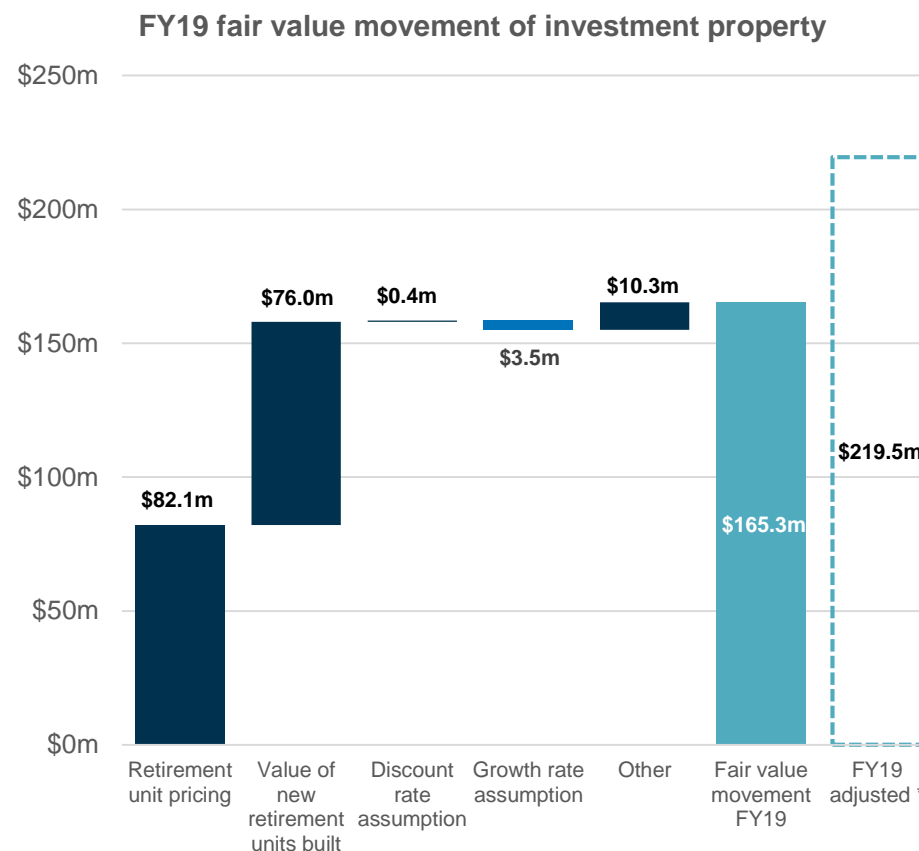
- IFRS NPAT of \$175.3m for FY19, driven by fair value movement in investment property of \$165.3m
- Total revenue of \$153.9m, up 12% relative to FY18
- Total expense growth for the period is 9%, significantly lower than the 28% growth in FY18
- Total expenses were up \$11.1m with the largest drivers being:
 - Additional staffing to support the growth in developing villages
 - Pay increases, largely driven by increases for caregivers and registered nurses
 - Increased property related expenses from three new villages opening
- Net finance costs of \$15.4m are up \$3.8m on FY18 in line with increase in development debt levels and one off bank refinancing costs

NZ\$m	FY19	FY18	Variance	FY17
Total revenue	153.9	137.0	12%	110.5
Fair value movement of investment property	165.3	209.9	(21%)	234.5
Total income	319.2	346.9	(8%)	345.0
Total expenses	130.2	119.1	9%	93.2
Net finance costs	15.4	11.6	32%	11.5
Net profit before tax	173.6	216.2	(20%)	240.2
Tax credit / (expense)	1.7	(1.7)	(202%)	(0.3)
Net profit after tax	175.3	214.5	(18%)	239.9

Fair value movement

\$165.3m fair value movement of investment property

- Fair value movement of \$165.3m, down 21% on FY18 primarily driven by a reduction of 100 retirement unit deliveries (approximately \$54m impact)
- Fair value movement for FY19 comprised of:
 - Increase in retirement unit pricing (\$82.1m): retirement unit price inflation on existing retirement units within the portfolio resulting in uplift in operator's interest
 - New retirement units built (\$76.0m): value of new retirement units delivered in FY19, down from \$130.2m in FY18 due to 100 less deliveries
 - Discount rates (\$0.4m) and growth rates (-\$3.5m): change in assumptions used by valuer
 - Other movements (\$10.3m): changes in all other valuation assumptions
- Refer to the appendices (slide 44 and 45) for key assumptions associated with the investment property valuation



* FY19 adjusted - normalised to equivalent FY18 retirement unit deliveries (additional 100)

FY19 underlying profit



Underlying profit up 8% on FY18, 38% CAGR over last eight years

- FY19 underlying profit of \$106.2m, up 8% on FY18. Uplift in underlying profit principally driven by continued portfolio growth increasing deferred management fees, and realised gain on resales benefiting from good unit price appreciation over the tenor of occupancy
- In FY20 we do not expect underlying profit growth. This is driven by:
 - Caregiver and registered nurse pay increases to achieve target of “top equal payer” in the sector
 - Increased diversification of product outside Auckland
 - Development margins within the medium term 20% to 25% guidance
 - Building capability for growth in Australia
- Further FY20 profit guidance will be given in August 2020 with the release of the half year results
- Summerset expects underlying profit growth in FY21 and beyond

NZ\$m	FY19	FY18	Variance	FY17
Care fees and village services	101.3	91.2	11%	74.5
Deferred management fees	52.5	45.6	15%	35.8
Realised gain on resales	36.9	28.7	29%	24.9
Realised development margin	61.0	63.7	(4%)	51.0
Interest received	0.2	0.2	(4%)	0.2
Total income	251.8	229.4	10%	186.4
Operating expenses	122.4	112.4	9%	88.6
Depreciation and amortisation	7.8	6.7	17%	4.6
Net finance costs	15.4	11.6	32%	11.5
Total expenses	145.6	130.8	11%	104.7
Underlying profit	106.2	98.6	8%	81.7

Underlying profit is a non-GAAP measure and differs from NZ IFRS profit for the period. Underlying profit does not have a standardised meaning prescribed by GAAP and therefore may not be comparable to similar financial information presented by other entities. The Directors have provided an underlying profit measure in addition to IFRS profit to assist readers in determining the realised and unrealised 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 a measure which the Group uses consistently across reporting periods. Underlying profit is used to determine the dividend pay-out to shareholders.

FY19 cash flows



Net operating cash flow up 9%

- Net operating business cash flows of \$28.5m relatively consistent with FY18, despite one-off change in policy to repay outgoing residents on internal village transfers
- 24% CAGR growth in net operating cash flow since listing
- Gross receipts from new sales up 12% on FY18 despite lower sales volumes (329 in FY19 compared to 339 in FY18)
- Investing cash flows increased 13% on FY18 driven by increased construction spend on Casebrook and Rototuna main buildings and development over three additional sites when compared to FY18
- Other investing cash flows in FY18 reflects our investment in VCare system development
- Refurbishment cost increase driven by programmed upgrade of a number of older care centres

NZ\$m	FY19	FY18	Variance	FY17
Net operating business cash flow	28.5	30.5	(7%)	26.1
Receipts for residents' loans - new sales	209.4	187.3	12%	181.6
Net operating cash flow	237.9	217.8	9%	207.7
Purchase of land	(57.3)	(54.7)	5%	(27.8)
Construction of new IP & care facilities	(248.2)	(213.7)	16%	(213.1)
Refurb of existing IP & care facilities	(7.3)	(6.4)	14%	(4.7)
Other investing cash flows	(3.7)	(6.2)	(40%)	(6.1)
Capitalised interest paid	(10.8)	(9.3)	16%	(5.8)
Net investing cash flow	(327.4)	(290.4)	13%	(257.5)
Net proceeds from borrowings	135.6	103.7	31%	73.9
Net dividends paid	(19.5)	(19.7)	(1%)	(12.3)
Other financing cash flows	(12.6)	(11.5)	10%	(12.9)
Net financing cash flow	103.5	72.5	43%	48.7

FY19 balance sheet



Total assets of \$3.3b, up 21% from \$2.8b in FY18

- Total assets of \$3.3b, up 21% on FY18 driven by continued development and growth in existing village values
- Retained earnings has increased to \$838m in FY19, growing almost 200% over three years. This continues to positively impact balance sheet strength and company gearing ratios
- Investment property valuation of \$3.1b, up 20% on FY18
- Other assets include land and buildings (primarily care centres). Care centres were valued as at 31 December 2017 (three yearly cycle)
- Record NTA of 502.0 cents per share
- Embedded value of \$752.7m, \$184k per retirement unit, as at 31 December 2019, comprised of:
 - \$483.0m resale gains
 - \$269.7m deferred management fees

NZ\$m	FY19	FY18	Variance	FY17
Investment property	3,107.0	2,585.0	20%	2,069.7
Other assets	230.9	181.3	27%	163.2
Total assets	3,337.9	2,766.4	21%	2,232.8
Residents' loans	1,327.6	1,136.8	17%	966.6
Face value of bank loans & bonds*	587.1	451.5	30%	347.8
Other liabilities	291.3	199.3	46%	132.6
Total liabilities	2,206.0	1,787.6	23%	1,447.0
Net assets**	1,131.9	978.8	16%	785.8
Embedded value	752.7	609.1	24%	497.1
NTA (cents per share)	502.0	438.4	14%	355.1

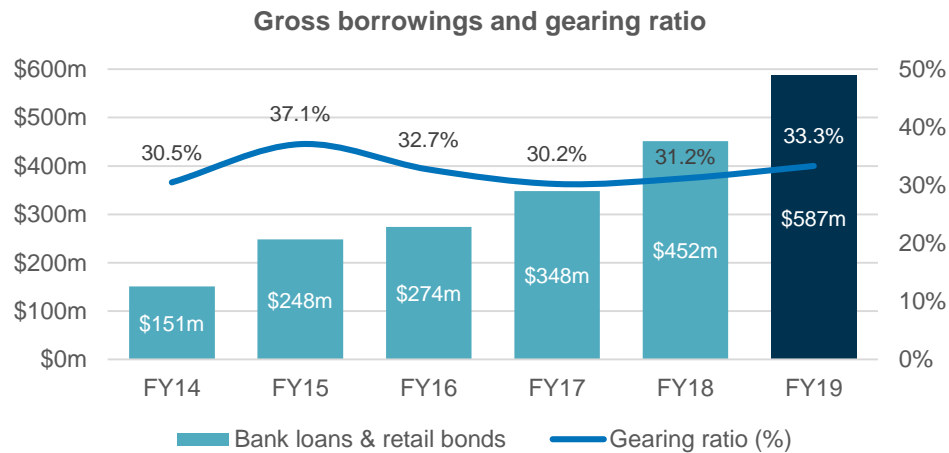
* Face value of drawn bank debt and retail bonds. Excludes capitalised and amortised bond issue costs, and fair value movement on hedged borrowings.

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

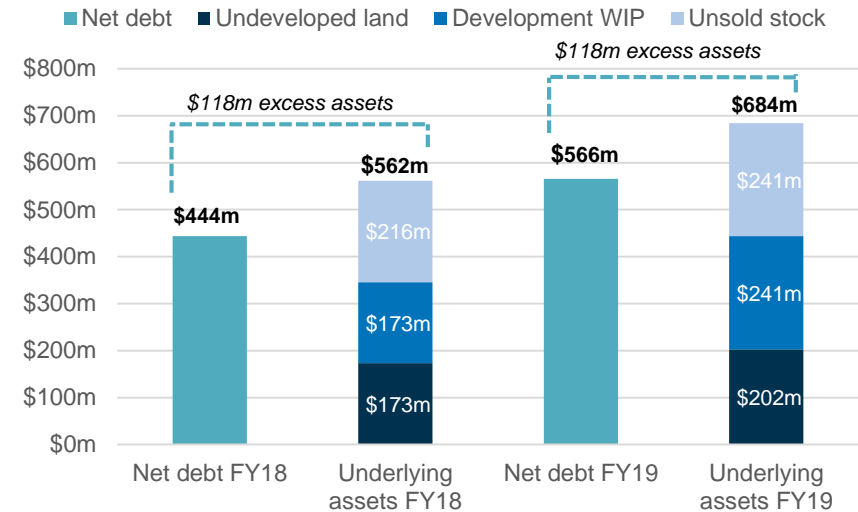
Gearing ratio

Net debt of \$565.7m* and gearing ratio of 33.3%

- Uplift in gross debt driven by increased construction spend and land acquired in 2H18
- Refinanced and increased our bank facility to \$750m in early 2020 by adding Industrial and Commercial Bank of China (New Zealand) Limited and Westpac New Zealand Limited/Westpac Banking Corporation
- \$225m of retail bonds at end of FY19
- Development assets exceed the value of net debt by \$118m or 21%



Net debt to underlying assets - FY18 and FY19



NZ\$m	FY19	FY18	Variance	FY17
Gearing ratio (%)**	33.3%	31.2%	6.8%	30.20%
Bank & bond LVR (%)**	35.9%	32.3%	11.3%	31.40%

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

** 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)

A photograph of an elderly couple sitting at a dark wooden table, smiling and playing cards. The man, on the left, wears glasses and a brown jacket. The woman, on the right, has short white hair and wears a light blue sweater with a patterned scarf. They are both holding cards. In the foreground, the back of a person with white hair wearing a blue shirt is visible. On the table, several cards are laid out. A semi-transparent white box with the text "Final dividend" is overlaid on the left side of the image. Large windows in the background show a view of green trees and a building.

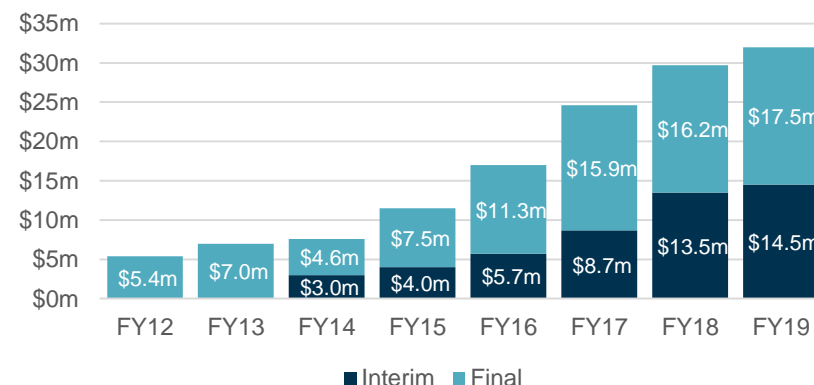
Final dividend

FY19 final dividend

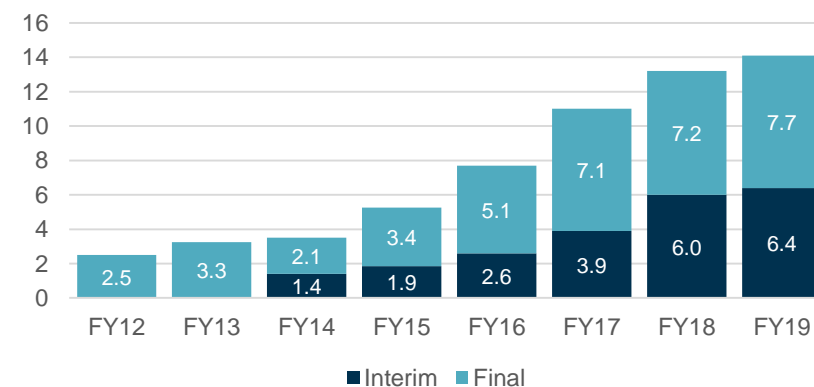
Declared FY19 final dividend of 7.7 cents per share

- The Board has declared an unimputed final dividend of 7.7 cents per share
- This brings total dividends for the 2019 year (interim and final) to 14.1 cents per share
- The total dividend payment is an increase of 7% on FY18
- 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 Wednesday 11 March 2020. Any applications received on or after this time will be applied to subsequent dividends
- The final dividend will be paid on Monday 23 March 2020. The record date for final determination of entitlements to the final dividend is Tuesday 10 March 2020
- 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

Dividend payout per year



Dividend per share by year





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

FY19 result highlights



Underlying profit up 8% from \$98.6m

		FY19	FY18	Variance	FY17
Financial (NZ\$m)	Net profit before tax (IFRS)	173.6	216.2	(20%)	240.2
	Net profit after tax (IFRS)	175.3	214.5	(18%)	239.9
	Less reversal of impairment on land & buildings	-	-	N/A	(0.0)
	Less fair value movement of investment property	(165.3)	(209.9)	(21%)	(234.5)
	Add realised gain on resales	36.9	28.7	29%	24.9
	Add realised development margin	61.0	63.7	(4%)	51.0
	Add/(less) deferred tax expense/(credit)	(1.7)	1.7	(202%)	0.3
	Underlying profit*	106.2	98.6	8%	81.7
Balance sheet (NZ\$m)	Total assets	3,338	2,766	21%	2,233
	Net operating cash flow	237.9	217.8	9%	207.7
Operational	New sales of occupation rights	329	339	(3%)	382
	Resales of occupation rights	323	301	7%	300
	Total sales of occupation rights	652	640	2%	682
	New retirement units delivered	354	454	(22%)	450

*Underlying profit is a non-GAAP measure and differs from NZ IFRS profit for the period. Underlying profit does not have a standardised meaning prescribed by GAAP and therefore may not be comparable to similar financial information presented by other entities. The Directors have provided an underlying profit measure in addition to IFRS profit to assist readers in determining the realised and unrealised 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 a measure which the Group uses consistently across reporting periods. Underlying profit is used to determine the dividend pay-out to shareholders.

Historical trends



Underlying profit 8 year CAGR of 38%

	Full Year Results	8 Year CAGR*	FY19	FY18	FY17	FY16	FY15	FY11 NZX Listed
Operational	New sales of occupation rights	15%	329	339	382	414	333	108
	Resales of occupation rights	13%	323	301	300	244	245	123
	Total sales	14%	652	640	682	658	578	231
	New retirement units delivered	14%	354	454	450	409	303	122
	Retirement units in portfolio	13%	4,086	3,732	3,278	2,828	2,419	1,486
Financial	Care beds in portfolio	13%	858	858	806	748	616	327
	Total revenue (\$m)	21%	153.9	137.0	110.5	86.1	68.8	33.7
	Net profit after tax (\$m)	59%	175.3	214.5	239.9	145.5	84.2	4.3
	Underlying profit** (\$m)	38%	106.2	98.6	81.7	56.6	37.8	8.1
	Net operating cash flow (\$m)	24%	237.9	217.8	207.7	192.6	140.3	43.7
	Total assets (\$m)	23%	3,338	2,766	2,233	1,707	1,364	617
	Total equity (\$m)	22%	1,132	978.8	785.8	545.6	409.8	233.4
	Interest bearing loans and borrowings (\$m)	31%	597.1	452.8	347.2	274.0	248.2	69.1
	Cash and cash equivalents (\$m)		21.5	7.5	7.6	8.7	6.7	9.0
	Gearing ratio (Net D/ Net D+E)		33.3%	31.2%	30.2%	32.7%	37.1%	20.5%
	EPS (cents)	55%	78.6	97.1	109.8	66.9	38.9	2.4
	NTA (cents)	21%	502.0	438.4	355.1	249.9	188.5	109.3
	Development margin (%)		27.9%	33.2%	27.3%	22.2%	20.0%	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 the appendix for a reconciliation between the two measures, and 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	151.0	8.0	13.50%	0.0%	1.0%	2.5%	3.0%	3.5%
Summerset by the Lake	Taupo	62.3	6.2	15.75%	0.0%	0.5%	1.5%	2.5%	3.5%
Summerset in the Bay	Napier	73.4	5.1	14.00%	0.0%	1.0%	2.0%	2.5%	3.5%
Summerset in the Orchard	Hastings	80.3	6.9	15.00%	0.0%	1.0%	2.0%	2.5%	3.5%
Summerset in the Vines	Havelock North	62.3	3.2	14.75%	0.0%	1.0%	2.0%	2.5%	3.5%
Summerset in the River City	Wanganui	32.4	3.5	16.00%	0.5%	1.0%	1.5%	2.0%	2.5%
Summerset on Summerhill	Palmerston North	49.2	3.5	14.75%	0.5%	1.0%	2.0%	2.5%	3.0%
Summerset by the Ranges	Levin	30.2	2.9	15.75%	0.5%	1.0%	1.5%	2.0%	3.0%
Summerset on the Coast	Paraparaumu	60.5	9.1	14.50%	0.5%	1.0%	2.0%	2.5%	3.5%
Summerset at Aotea	Aotea	104.4	9.9	14.25%	0.5%	1.0%	2.0%	2.5%	3.5%
Summerset in the Sun	Nelson	149.0	5.7	14.00%	0.0%	1.0%	1.0%	2.5%	3.5%
Summerset at Bishopscourt	Dunedin	50.1	3.3	14.75%	0.5%	1.0%	1.5%	2.5%	3.0%
Summerset down the Lane	Hamilton	135.1	7.4	14.00%	0.5%	1.0%	2.0%	2.5%	3.5%
Summerset Mountain View	New Plymouth	72.3	2.3	14.75%	0.0%	0.5%	1.5%	2.5%	3.0%
Summerset Falls	Warkworth	182.7	11.0	14.00%	0.5%	1.5%	2.0%	3.0%	3.5%
Summerset at Karaka	Karaka	185.6	5.6	14.25%	0.5%	1.0%	2.0%	2.5%	3.5%
Summerset at Wigram	Wigram	120.6	0.9	14.50%	0.0%	1.5%	2.0%	3.0%	3.5%
Summerset at the Course	Trentham	165.0	9.3	14.00%	0.0%	1.0%	2.0%	2.5%	3.5%
Summerset by the Sea	Katikati	96.5	1.6	15.00%	0.0%	0.5%	1.5%	2.5%	3.5%
Total for completed villages		1,863.0	105.4						

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

Fair value movement (cont'd)

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 at Monterey Park	Hobsonville	262.7	12.5	14.00%	0.5%	1.0%	2.0%	2.5%	3.5%
Summerset at Heritage Park	Ellerslie	226.7	0.2	15.00%	0.0%	1.0%	2.0%	2.5%	3.5%
Summerset Rototuna	Rototuna	76.1	8.1	16.50%	0.0%	1.0%	2.0%	2.5%	3.5%
Summerset on Cavendish	Casebrook	90.8	14.3	16.00%	0.0%	1.0%	2.0%	3.0%	3.5%
Summerset Richmond Ranges	Richmond	29.2	5.7	16.50%	0.0%	1.0%	1.0%	2.5%	3.5%
Summerset at Avonhead	Avonhead	49.7	13.7	16.50%	0.0%	1.0%	2.0%	3.0%	3.5%
Summerset on the Landing	Kenepuru	33.3	4.5	16.50%	0.0%	1.0%	2.0%	2.5%	3.5%
Summerset Te Awa	Te Awa	10.3	0.9	n/a	n/a	n/a	n/a	n/a	n/a
Summerset by the Dunes	Papamoa Beach	14.7	1.0	n/a	n/a	n/a	n/a	n/a	n/a
Summerset St Johns	St Johns	39.2	0.1	n/a	n/a	n/a	n/a	n/a	n/a
Summerset Whangarei	Whangarei	8.8	(0.4)	n/a	n/a	n/a	n/a	n/a	n/a
Summerset Pohutukawa Place	Bell Block	9.8	0.8	n/a	n/a	n/a	n/a	n/a	n/a
Total for villages in development		851.2	61.2						
Total for proposed villages		164.5	(1.4)						
Total for all villages		2,878.7	165.3						

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

Portfolio as at 31 December 2019



4,086 retirement units and 858 care beds

Existing portfolio - as at 31 December 2019

Village	Villas	Apartments	Serviced & memory care apartments	Total retirement units	Total care beds
Ellerslie	34	144	57	235	58
Hobsonville	125	73	52	250	52
Karaka	182	-	59	241	50
Manukau	89	67	27	183	54
Warkworth	202	2	44	248	41
Auckland	632	286	239	1,157	255
Hamilton	183	-	50	233	49
Rototuna	115	-	-	115	-
Taupo	94	34	18	146	-
Waikato	392	34	68	494	49
Katikati	156	-	20	176	49
Bay of Plenty	156	-	20	176	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	22	298	122

Portfolio as at 31 December 2019 (cont'd)



4,086 retirement units and 858 care beds

Existing portfolio - as at 31 December 2019					
Village	Villas	Apartments	Serviced & memory care apartments	Total retirement units	Total care beds
Aotea	96	33	38	167	-
Kenepuru	29	-	-	29	-
Paraparaumu	92	22	-	114	44
Trentham	231	12	40	283	44
Wellington	448	67	78	593	88
Nelson	214	-	55	269	59
Richmond	31	-	-	31	-
Nelson-Tasman	245	-	55	300	59
Avonhead	60	-	-	60	-
Casebrook	134	-	-	134	-
Wigram	159	-	53	212	49
Christchurch	353	-	53	406	49
Dunedin	61	20	20	101	42
Otago	61	20	20	101	42
Total	2,953	518	615	4,086	858

Future development



Largest NZ retirement village operator land bank, with 5,380 retirement units

Land bank					
Village	Villas	Apartments	Serviced and memory care apartments and care suites	Total retirement units	Total care beds
Whangarei	214	-	76	290	43
Northland	214	-	76	290	43
Ellerslie	4	75	-	79	-
Hobsonville	38	-	-	38	-
Milldale	105	117	76	298	43
Parnell	-	216	100	316	-
St Johns	-	225	73	298	30
Auckland	147	633	249	1,029	73
Papamoa Beach	211	-	76	287	43
Bay of Plenty	211	-	76	287	43
Cambridge	207	-	76	283	43
Rototuna	73	-	76	149	43
Waikato	280	-	152	432	86
Bell Block	222	-	76	298	43
Taranaki	222	-	76	298	43
Te Awa	241	-	76	317	43
Hawke's Bay	241	-	76	317	43
Kenepuru	85	48	106	239	43
Lower Hutt	42	109	66	217	30
Waikanae	214	-	76	290	43
Wellington	341	157	248	746	116

Future development (cont'd)

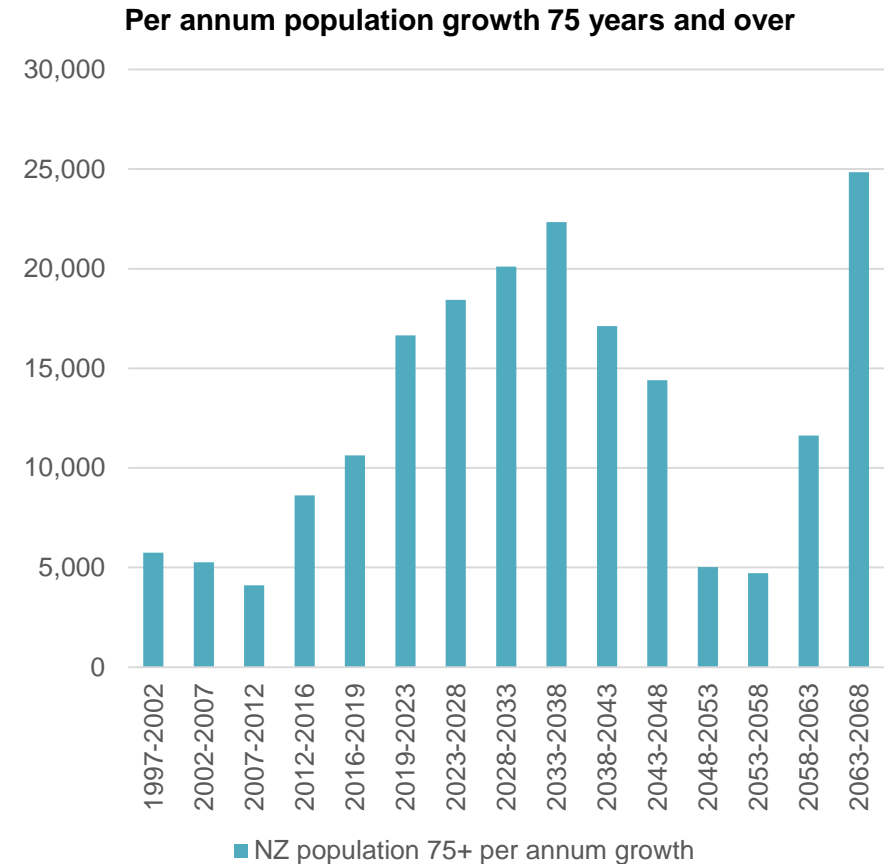
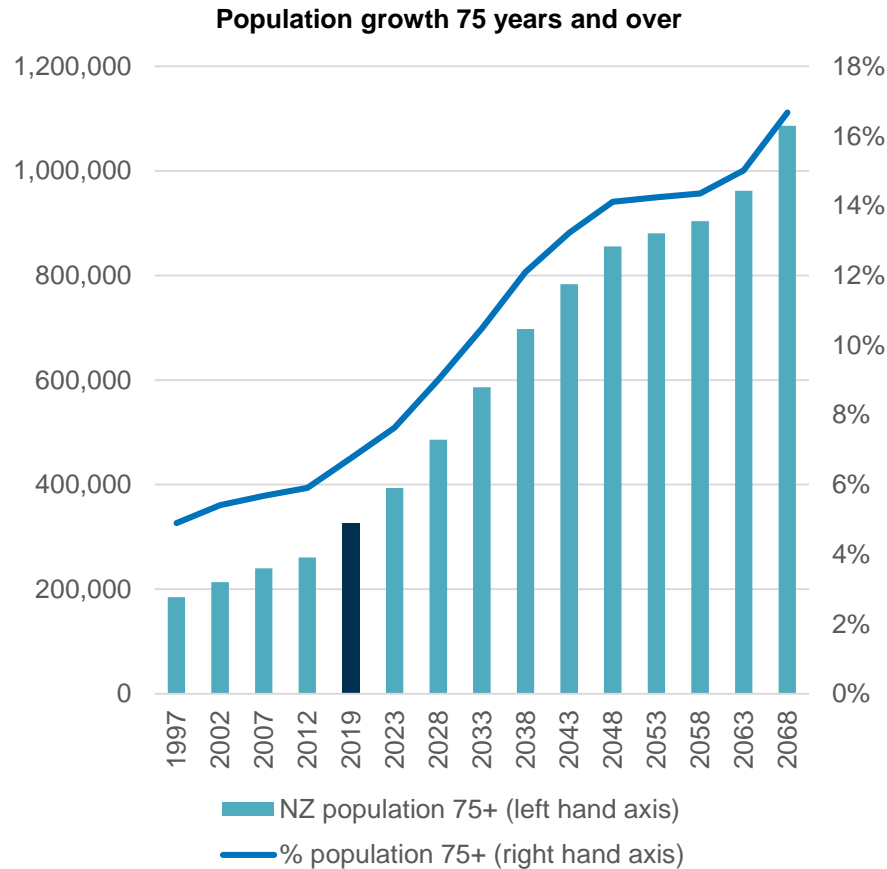


Largest NZ retirement village operator land bank, with 5,380 retirement units

Land bank					
Village	Villas	Apartments	Serviced and memory care apartments and care suites	Total retirement units	Total care beds
Richmond	203	-	76	279	43
Nelson-Tasman	203	-	76	279	43
Blenheim	139	-	80	219	20
Marlborough	139	-	80	219	20
Avonhead	105	-	99	204	43
Casebrook	136	-	76	212	43
Rangiora	261	-	76	337	43
Prebbleton	214	-	76	290	43
Canterbury	716	-	327	1,043	172
Total NZ	2,714	790	1,436	4,940	682
Cranbourne North	145	-	50	195	72
Torquay	195	-	50	245	72
Total Australia	340	-	100	440	144
Total NZ and Australia	3,054	790	1,536	5,380	826

Demographics

Population over 75 years forecast to grow 232% from 2019 to 2068



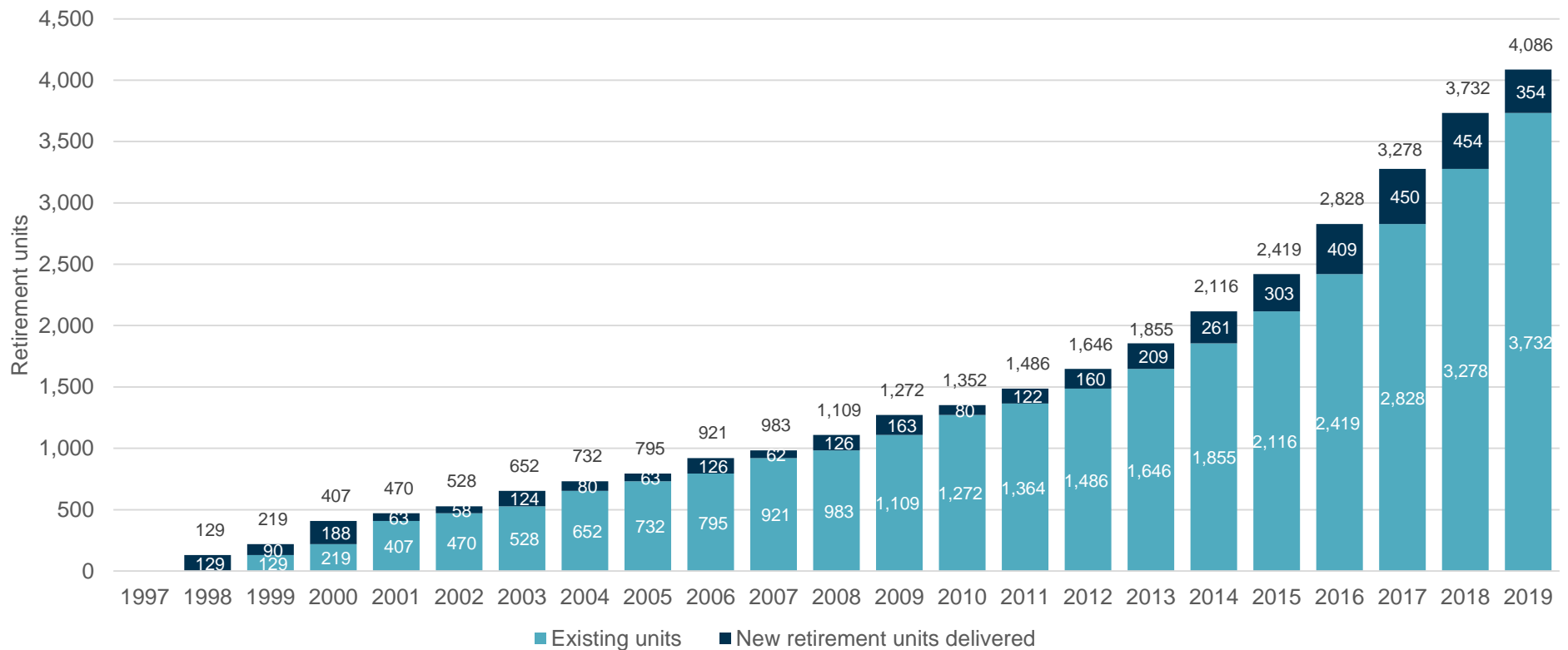
Source: Statistics New Zealand – National Population Projections

Summerset growth



22 years of consistent delivery and growth

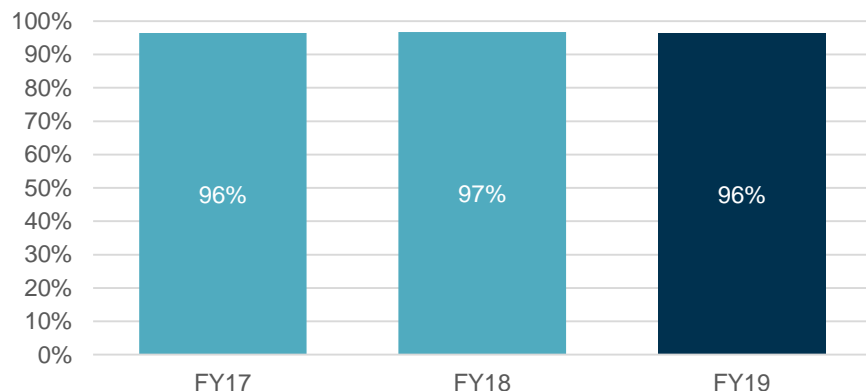
Summerset build rate



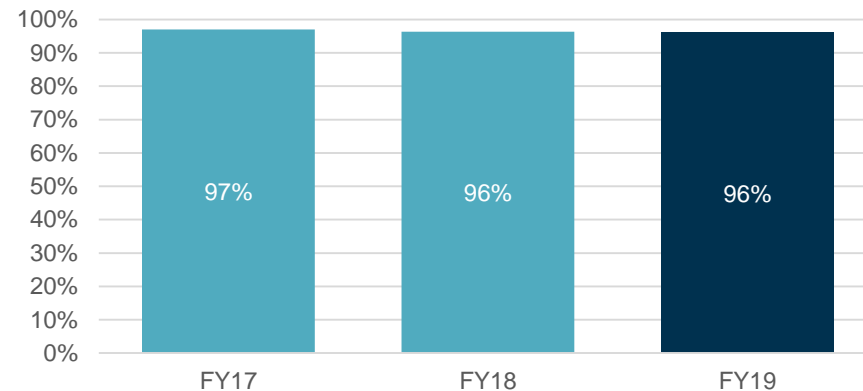
Customer profile & occupancy

Occupancy, tenure and resident demographic statistics

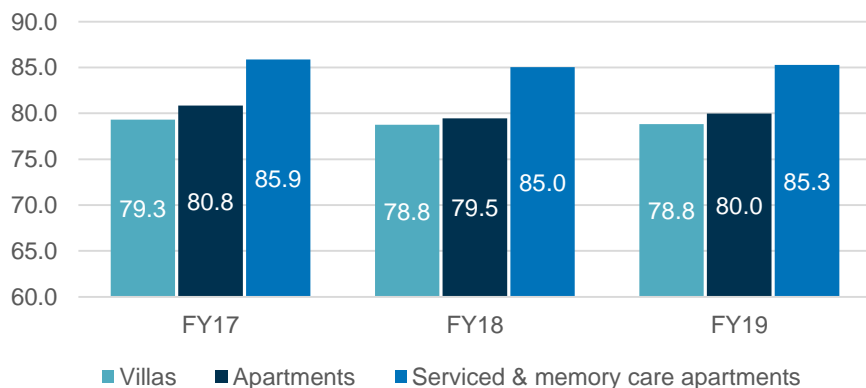
Occupancy - retirement villages



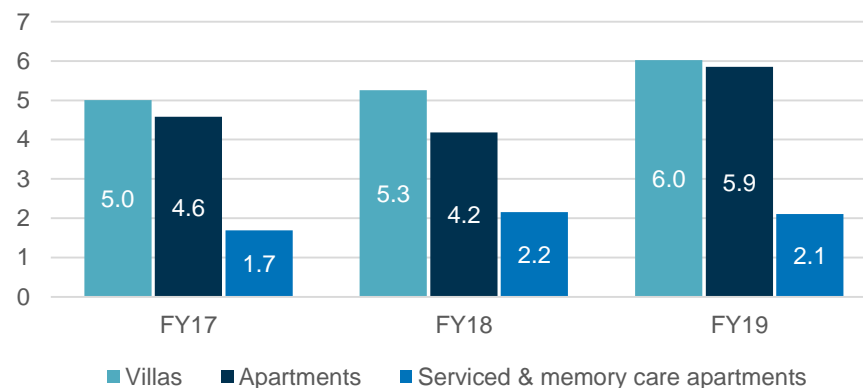
Occupancy - established care centres



Average entry age of residents (years)



Average tenure (years) on resales*



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