



HALF YEAR RESULTS PRESENTATION

SIX MONTHS ENDED 30 JUNE 2013

SUMMERSET GROUP HOLDINGS LIMITED

13 August 2013





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1H13 RESULT HIGHLIGHTS





1H13 RESULT HIGHLIGHTS

NEW SALES AND KEY FINANCIAL METRICS STRONGLY UP ON 1H12

	NZ\$000	1H13 Actual	1H12 Actual	1H13 Actual vs. 1H12 Actual	FY12 Actual
Operational	New sales of occupation rights	116	83	39.8%	167
	Resales of occupation rights	73	88	-17.0%	164
	New units delivered	102	68	50.0%	160
Financial	Net operating cash flow	43,375	28,801	50.6%	66,254
	Underlying profit	10,015	6,887	45.4%	15,223
	Net profit before tax (IFRS)	10,547	3,708	184%	14,414
	Net profit after tax (IFRS)	10,772	3,938	174%	14,821

Underlying profit differs from net profit after tax (IFRS). Refer to slide 19 for the definition of underlying profit



1H13 RESULT HIGHLIGHTS

AHEAD OF 1H12 RESULTS ON KEY METRICS

- Strong growth on 1H12 results across the business:
 - New sales up 40%
 - Operating cash flow up 51%
- 1H13 underlying profit of \$10.0m, up 45% on 1H12:
 - Increased number of new sales
 - Higher realised gains on resales
- Lower resales due to lower stock availability following the strong FY12 performance – only 1.5% of stock available for resale at 31 December 2012
- 1H13 net profit after tax (IFRS) of \$10.8m up 174% on 1H12
- Underlying profit and net profit in 1H13 includes \$0.5m one-off costs of ASX listing



A photograph of two elderly women with short, light-colored hair laughing heartily outdoors. They are standing in front of a wooden fence and several trees. The woman on the left is wearing a red collared shirt under a dark jacket, and the woman on the right is wearing a pink shirt under a dark cardigan. A dark blue semi-transparent rectangular overlay covers the bottom half of the image, containing the text 'BUSINESS OVERVIEW' and the 'Summerset' logo.

BUSINESS OVERVIEW





1H13 REVIEW

CONTINUED FOCUS ON GROWTH AND DELIVERY OF BUILD PROGRAMME

- Continued growth in financial performance
- Delivered 102 units across six sites
- Completed 41 care beds at Warkworth
- Commenced construction on 16th village, Summerset by the Sea, Katikati
- Main buildings in Dunedin, Nelson and Hamilton currently under construction
- Announcing two new site acquisitions: New Plymouth and Trentham
- Also acquired Lower Hutt site earlier in the year





SUMMERSET SNAPSHOT

THIRD LARGEST OPERATOR, SECOND LARGEST DEVELOPER

- 1,748 retirement units (villas, apartments and care apartments)
- 370 care beds
- Over 2,200 residents
- 102 units delivered in 1H13
- Build rate of at least 200 retirement units in FY13
- Build rate guidance of 300 retirement units per annum by FY15





SUMMERSET STRATEGY

SUMMERSET BUILDS, OWNS AND OPERATES RETIREMENT VILLAGES IN NZ

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

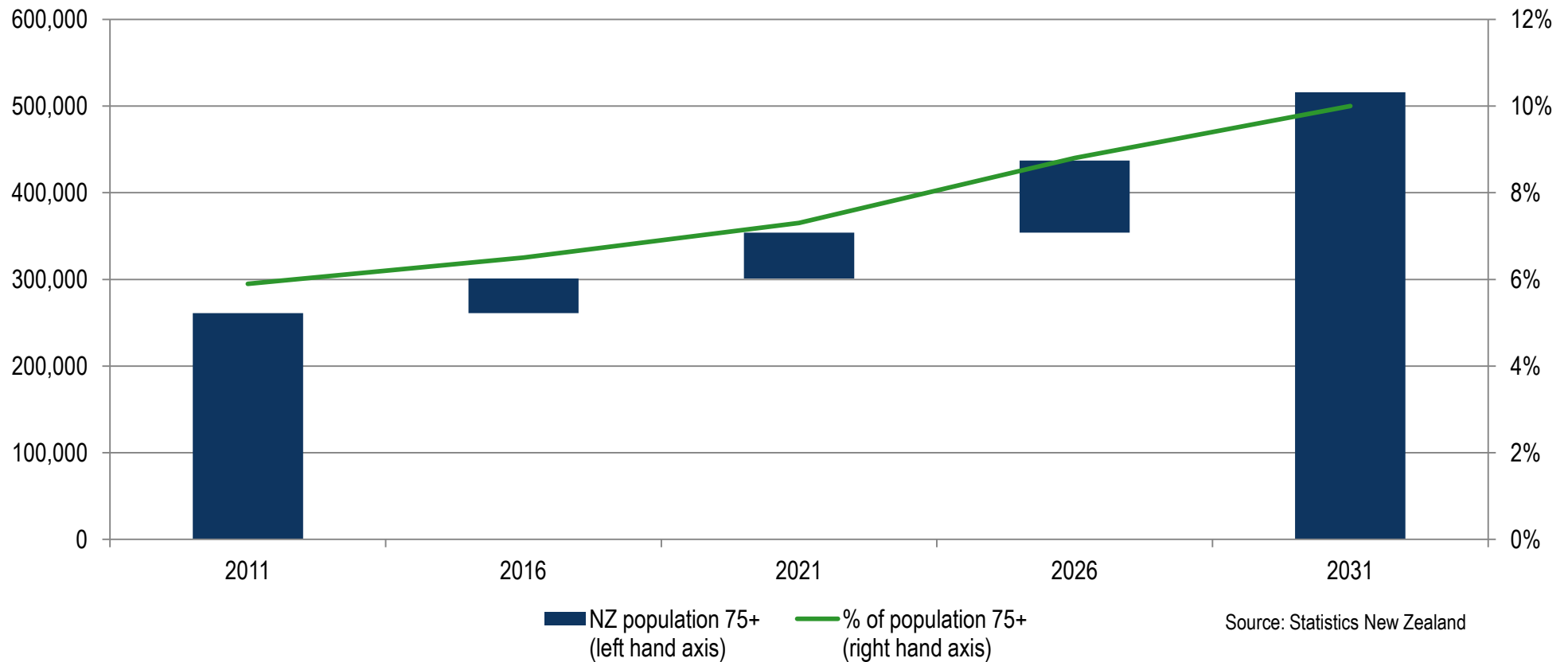




DEMOGRAPHICS

POPULATION OVER 75 YEARS FORECAST TO DOUBLE BY 2031

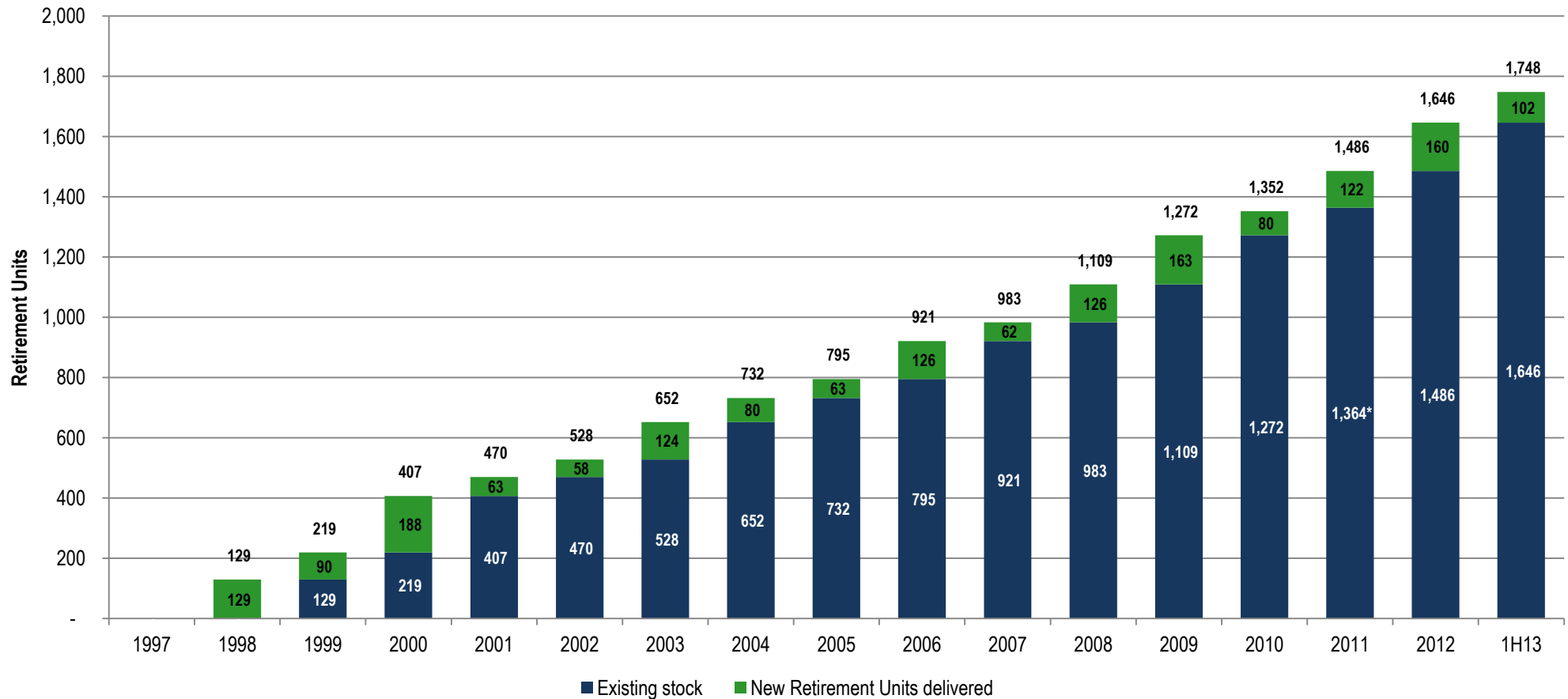
POPULATION GROWTH 75 YEARS AND OVER





SUMMERSET GROWTH

16 YEARS OF CONSISTENT DELIVERY AND GROWTH



*2011 existing stock includes 12 units acquired as part of the Nelson site acquisition



1H13 DEVELOPMENT ACTIVITY

DELIVERY OF 102 UNITS IN 1H13 ACROSS SIX SITES

- 102 units delivered across six villages
- This represents approximately half of the build rate guidance given for FY13 of at least 200 units
- More even delivery versus previous years where delivery has been weighted towards the second half of the year
- First units in Katikati delivered
- 41 care beds in Warkworth completed

	Unit delivery 1H13			
	Villas	Apartments	Care Apartments	Total
Dunedin	19	0	0	19
Hamilton	14	0	0	14
Hastings	19	0	0	19
Katikati	14	0	0	14
Nelson	20	0	0	20
Warkworth	16	0	0	16
Total	102	0	0	102



1H13 DEVELOPMENT ACTIVITY

DELIVERY OF 102 UNITS IN 1H13 ACROSS SIX SITES

Dunedin



Nelson



Hamilton



Hastings



Warkworth



Katikati



FUTURE DEVELOPMENT

NEW LAND ACQUISITION IN NEW PLYMOUTH

- New 4.0Ha site acquired in Upper Vogeltown, New Plymouth
- Indicative plans for the village include 106 villas, 40 care apartments and a 40 bed care facility
- New Plymouth currently exhibits low penetration rates and an undersupply of retirement units





FUTURE DEVELOPMENT

NEW LAND ACQUISITION IN TRENTHAM

- Acquired 4.0Ha of land adjacent to the current Summerset Trentham village
- Indicative plans for the village extension include a redevelopment of the main building, 126 villas, 20 care apartments and a 15 bed care facility
- Existing Trentham village is a strong performer with a strong waitlist





FUTURE DEVELOPMENT

LAND BANK OF 1,791 RETIREMENT UNITS AND 455 CARE BEDS

- Land bank of 1,791 retirement units spread across brownfield and greenfield sites
- Additional pipeline of 455 care beds across existing sites
- Build target remains 300 retirement units by 2015
- Landbank provides six years of supply at build rate target
- Care bed build is additional to this target
- We continue to investigate potential opportunities, which will increase the land bank

	Land bank - as at 30 June 2013				
	Villas	Apartments	Care Apartments	Total Retirement Units	Care Beds
Dunedin	11	20	20	51	40
Ellerslie	50	150	50	250	80
Hamilton	128	50	20	198	40
Hastings	23	-	-	23	-
Hobsonville	156	75	19	250	80
Karaka	115	24	20	159	40
Katikati	142	-	20	162	40
Lower Hutt	25	172	20	217	40
Nelson	100	25	25	150	40
New Plymouth	106	-	40	146	40
Trentham	126	-	20	146	15
Warkworth	29	10	-	39	-
Total	1,011	526	254	1,791	455



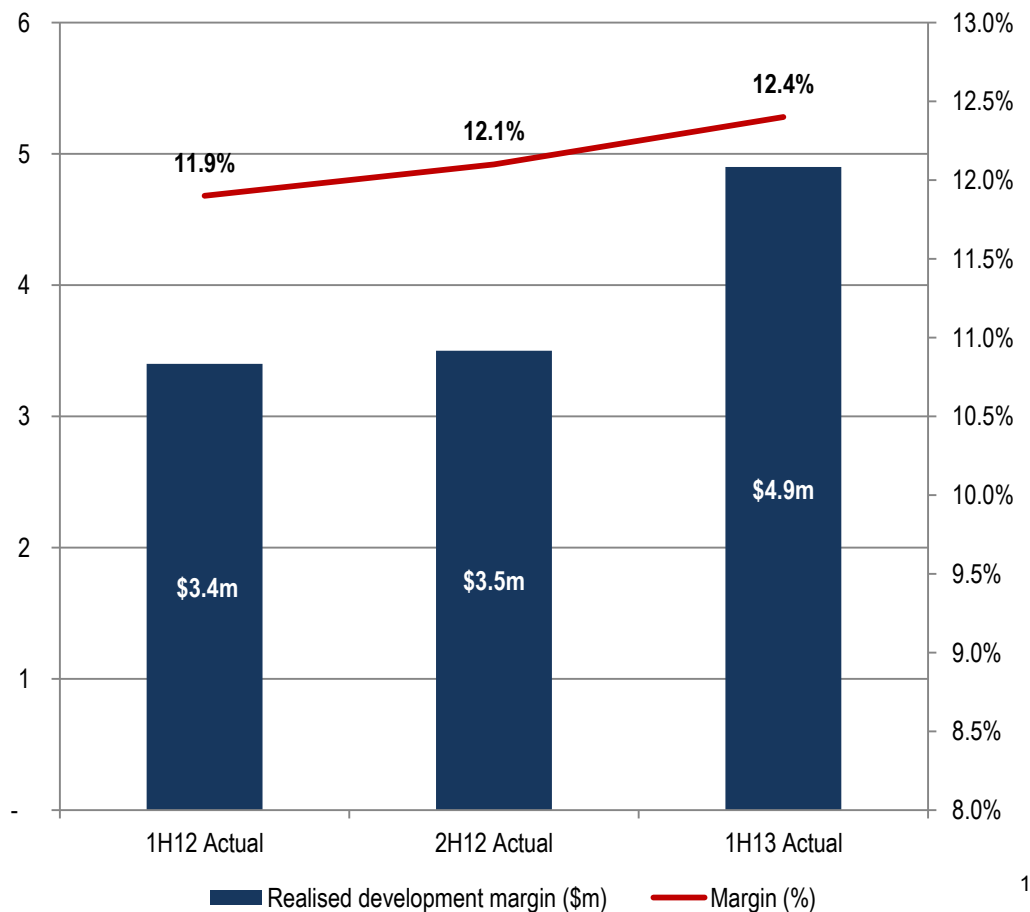
DEVELOPMENT MARGIN

REALISED DEVELOPMENT MARGIN \$4.9M

- Development margin continues to move upwards
- Strong sales in Warkworth and Hastings where external contractors are still being used holding margin down in short term
- Development margins on sites with internal construction management in line with medium term target of 17%+
- Beginning to explore materials procurement and direct labour on sites
- Summerset managed construction of the Nelson, Dunedin, Katikati and Hamilton sites in 1H13



REALISED DEVELOPMENT MARGIN





NEW SALES OF OCCUPATION RIGHTS

NEW SALES OF 116 OCCUPATION RIGHTS VERSUS 1H12 OF 83

- New sales of occupation rights up versus 1H12:
 - Gross proceeds: \$39.9m, up 39% over 1H12
 - Occupation rights: 116, up 40% over 1H12

	1H13 Actual	1H12 Actual	1H13 Actual vs. 1H12 Actual	FY12 Actual
Gross proceeds (\$000)	39,858	28,754	38.6%	57,739
Villas	106	52	104%	117
Apartments	5	26	-80.8%	36
Care Apartments	5	5	0.0%	14
Total occupation rights	116	83	39.8%	167



RESALES OF OCCUPATION RIGHTS

RESALES OF 73 OCCUPATION RIGHTS VERSUS 1H12 OF 88

- Realised resale gains up on 1H12:
 - Total realised resale gains: \$7.0m, up 6.3% over 1H12
 - Occupation rights resold: 73, down 17% on 1H12
 - Average net cash per unit \$96.3k, up from \$75.1k in 1H12
- Lower resales due to low stock availability following the strong FY12 performance
- Net cash realisations in line with 1H12 despite reduced number of resales
- 32 resale occupation rights available for sale at 30 June 2013

	1H13 Actual	1H12 Actual	1H13 Actual vs. 1H12 Actual	FY12 Actual
Gross proceeds (\$000)	21,212	22,803	-7.0%	44,514
Realised resale gains (\$000)	4,629	4,166	11.6%	9,073
DMF realisation	2,400	2,444	-2.6%	5,215
Villas	42	46	-8.7%	93
Apartments	17	21	-19.0%	38
Care Apartments	14	21	-33.3%	33
Total occupation rights	73	88	-17.0%	164



FINANCIAL RESULTS





1H13 REPORTED PROFIT (IFRS)

NET PROFIT AFTER TAX UP 174% VERSUS 1H12

- 1H13 operating revenue up 16% versus 1H12, with DMF up 39%
- 1H13 operating expenses up 11% versus 1H12
 - Includes one-off ASX listing related fees of \$0.5m
 - Includes costs of operating developing sites
- Fair value movement of investment property up 130% versus 1H12

NZ\$000	1H13 Actual	1H12 Actual	1H13 Actual vs. 1H12 Actual	FY12 Actual
Total revenue	21,151	18,203	16.2%	38,120
Fair value movement of investment property	10,121	4,406	130%	15,128
Total income	31,272	22,609	38.3%	53,248
Total expenses	18,130	16,397	10.6%	33,938
Net finance costs	2,595	2,504	3.6%	4,896
Net profit before tax	10,547	3,708	184%	14,414
Tax expense / (credit)	(225)	(230)	-2.2%	(407)
Net profit after tax	10,772	3,938	174%	14,821



1H13 UNDERLYING PROFIT

UNDERLYING PROFIT \$10.0M UP 45% VERSUS 1H12

- Strong underlying profit performance
- Realised gain on resales up 11% despite reduced resale numbers
- Strong growth in development margin

NZ\$000	1H13 Actual	1H12 Actual	1H13 Actual vs. 1H12 Actual	FY12 Actual
Reported profit after tax	10,772	3,938	174%	14,821
Less fair value movement of investment property	(10,121)	(4,406)	130%	(15,128)
Add realised gain on resales	4,629	4,166	11.1%	9,073
Add realised development margin	4,960	3,419	45.1%	6,864
Add deferred tax expense	(225)	(230)	-2.2%	(407)
Underlying profit	10,015	6,887	45.4%	15,223

Underlying profit differs from IFRS net profit after tax. The directors have provided an underlying profit measure to assist readers in determining the realised and non-realised components of fair value movement of investment property and tax expense in the group's income statement. The measure is used internally in conjunction with other measures to monitor performance and make investment decisions. Underlying profit is an industry wide measure which the group uses consistently across reporting periods.



1H13 CASH FLOWS

NET OPERATING CASH FLOW \$43.4M UP 51% VERSUS 1H12

- Strong operating cash performance, largely driven by sales of occupation rights
- Development build cash outflow up 61% on 1H12 as increasing number of sites under construction
- Dividend paid in March 2013 for a total of \$5.3 million

NZ\$000	1H13 Actual	1H12 Actual	1H13 Actual vs. 1H12 Actual	FY12 Actual
Care fees and village services	14,201	13,328	6.6%	27,391
Interest received	100	96	4.2%	159
Payments to suppliers and employees	(16,291)	(16,483)	-1.2%	(32,541)
Net receipts for resident loans	45,365	31,860	42.4%	71,245
Net operating cash flow	43,375	28,801	50.6%	66,254
Development build cash flow	(38,315)	(23,744)	61.4%	(67,655)
Other investing cash flows	(755)	(1,508)	-49.9%	(9,265)
Net investing cash flow	(39,070)	(25,252)	54.7%	(76,920)
Proceeds from / (repayment of) bank loans	540	(5,877)	-109%	9,041
Dividends paid	(5,342)	-	N/A	-
Proceeds from issue of DRP shares	2,855	-	N/A	-
Other financing cash flows	(1,561)	(2,378)	-21.8%	(4,577)
Net financing cash flows	(3,508)	(8,255)	-57.5%	4,464
Net increase in cash	797	(4,706)	-117%	(6,202)



1H13 BALANCE SHEET

TOTAL ASSETS OF \$764M UP 19% FROM \$645M IN 1H12

- Net asset growth of 8.4% from 1H12
- Investment property valuation of \$706m
- Other assets include land and buildings (primarily care facilities)
- Bank loans largely unchanged from FY12 due to strong sales in 1H13
- Embedded value of \$143m, \$82K per unit, as at 30 June 2013:
 - \$85m capital gain
 - \$58m deferred management fee

NZ\$000	1H13 Actual	1H12 Actual	1H13 Actual vs. 1H12 Actual	FY12 Actual
Investment property	706,245	588,397	20.0%	644,506
Other assets	57,967	56,709	2.2%	57,833
Total assets	764,212	645,106	18.5%	702,339
Residents' loans	374,015	306,916	21.9%	336,133
Bank loans	78,702	63,244	24.4%	78,162
Other liabilities	53,875	37,292	44.5%	39,250
Total liabilities	506,592	407,452	24.3%	453,545
Net assets	257,620	237,654	8.4%	248,794
Embedded value	143,427	119,997	19.5%	124,123
NTA (cents per share)	120	111	7.8%	116



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





EXISTING PORTFOLIO AT 30 JUNE 2013

1,748 EXISTING RETIREMENT UNITS AND 370 CARE BEDS

	Existing Portfolio– as at 30 June 2013				
	Villas	Apartments	Care Apartments	Total Retirement Units	Care Beds
Aotea	96	51	20	167	-
Dunedin	50	-	-	50	-
Hamilton	54	-	-	54	-
Hastings	123	-	5	128	-
Havelock North	94	18	10	122	41
Katikati	14	-	-	14	-
Levin	64	12	10	86	28
Manukau	89	71	23	183	52
Napier	94	26	20	140	48
Nelson	114	-	-	114	-
Palmerston North	90	12	-	102	41
Paraparaumu	92	12	10	114	41
Taupo	94	34	18	146	-
Trentham	92	12	20	124	41
Wanganui	70	18	12	100	37
Warkworth	94	2	8	104	41
Total	1,324	268	156	1,748	370



LAND BANK AS AT 30 JUNE 2013

LAND BANK OF 1,791 RETIREMENT UNITS AND 455 CARE BEDS

	Land bank - as at 30 June 2013				
	Villas	Apartments	Care Apartments	Total Retirement Units	Care Beds
Dunedin	11	20	20	51	40
Ellerslie	50	150	50	250	80
Hamilton	128	50	20	198	40
Hastings	23	-	-	23	-
Hobsonville	156	75	19	250	80
Karaka	115	24	20	159	40
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Nelson	100	25	25	150	40
New Plymouth	106	-	40	146	40
Trentham	126	-	20	146	15
Warkworth	29	10	-	39	-
Total	1,011	526	254	1,791	455