

A photograph of an elderly couple sitting together in a living room. The woman, on the left, has short grey hair, wears glasses, a gold necklace, and a patterned top. The man, on the right, has white hair and is wearing a blue and white checkered shirt. They are both smiling warmly at the camera. The background is softly blurred, showing indoor plants and a lamp.

# FULL YEAR RESULTS PRESENTATION

YEAR ENDED 31 DECEMBER 2015

SUMMERSET GROUP HOLDINGS LIMITED

24 February 2016





# AGENDA

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FY15 Result Highlights

2

Business Overview

6

Financial Results

20

Final Dividend

26

Appendix

30



A photograph of two elderly women smiling. The woman on the left has short white hair and is wearing a dark blue top. The woman on the right has short grey hair, wears blue-rimmed glasses, a dark blue top, and a colorful beaded necklace. They are sitting in front of a floral patterned chair. A dark blue semi-transparent banner is overlaid across the middle of the image.

# FY15 RESULT HIGHLIGHTS





# FY15 RESULT HIGHLIGHTS

## RECORD SALES AND RETIREMENT UNIT DELIVERY HIGHLIGHTS FOR FY15

		FY15 Actual	FY14 Actual	FY15 Actual vs. FY14 Actual*	FY13 Actual
Operational	New sales of occupation rights	333	286	16.4%	228
	Resales of occupation rights	245	172	42.4%	174
	Total sales	578	458	26.2%	402
	New retirement units delivered	303	261	16.1%	209
Financial (NZ\$m)	Net operating cash flow	142.6	110.4	29.1%	88.6
	Total assets	1,364	1,043	30.7%	845
	Underlying profit**	37.8	24.4	54.8%	22.2
	Net profit before tax (IFRS)	82.8	54.0	53.3%	31.8
	Net profit after tax (IFRS)	84.2	54.2	55.5%	34.2

\* Percentage movements based on unrounded amounts

\*\* Underlying profit differs from net profit after tax (IFRS). Underlying profit is unaudited. Refer to slide 22 for the definition of underlying profit



# FY15 RESULT HIGHLIGHTS

## RECORD NEW SALES AND RETIREMENT UNIT DELIVERY HIGHLIGHTS FOR FY15

- FY15 underlying profit of \$37.8m, up 55% on FY14
- FY15 net profit after tax (NZ IFRS) of \$84.2m, up 56% on FY14
- New sales 16% higher than FY14 – strong sales across NZ
- Resales 42% higher than FY14 – record number in a FY
- Development margin of 20.0%, exceeding the 17% IPO “medium term” target
- Final dividend of 3.4 cents per share declared, amounting to \$7.5m
- Total dividends paid for 2015 are at the highest level yet, amounting to approximately \$11.5m for the full year
- Operating cash flow up 29% on FY14
- Total assets of \$1.4b, up 31% on FY14
- Total assets have increased by \$746.6m or 121% since listing on the NZX

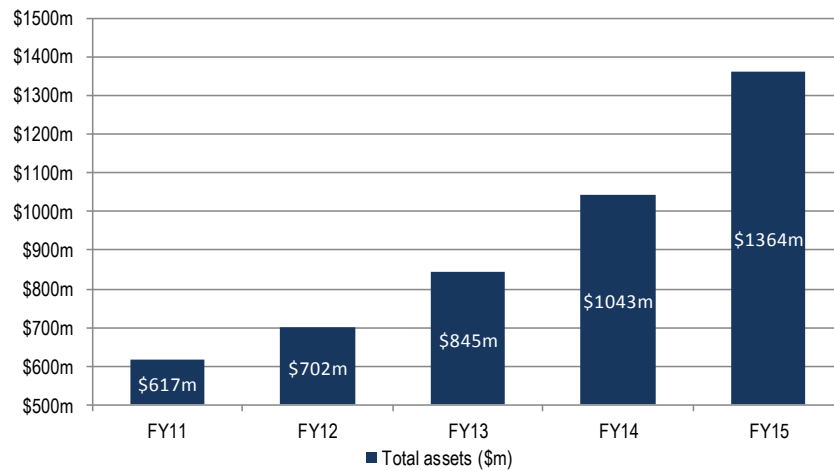




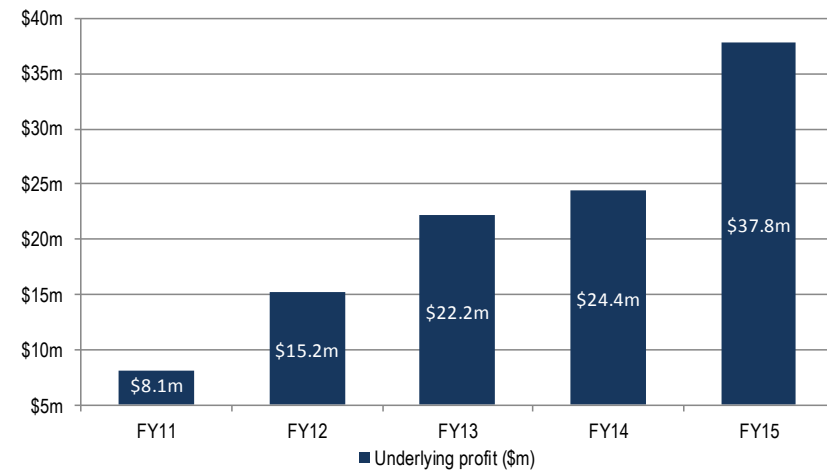
# FY15 RESULT HIGHLIGHTS

## STRONG TRENDS CONTINUE ACROSS THE BUSINESS

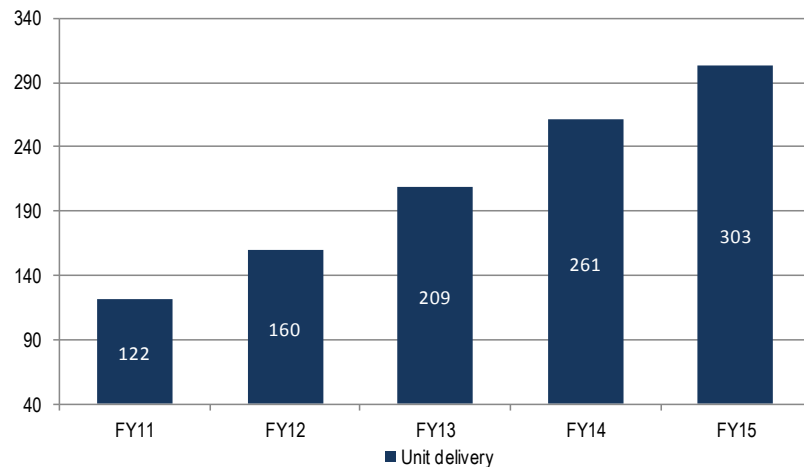
TOTAL ASSETS



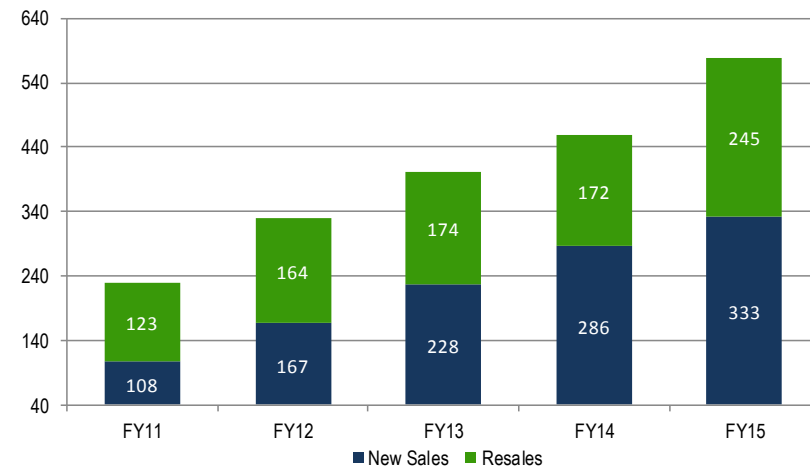
UNDERLYING PROFIT



RETIREMENT UNIT DELIVERY



SALE OF OCCUPATION RIGHTS





# BUSINESS OVERVIEW







# FY15 REVIEW

## RECORD UNDERLYING PROFIT OF \$37.8M IN FY15

- Delivered 303 retirement units in FY15, a record for Summerset, and 16% more than FY14
- On track for delivery of 400 retirement units in FY16, increases will predominately come from existing sites
- Opened Wigram village, our first village in Christchurch
- Two new village centres opened in Karaka and New Plymouth
- Commenced construction of the Ellerslie village – this will open in late 2016
- Announced land acquisitions in Parnell, St Johns and adjacent to our existing Warkworth village
- Obtained resource consent for our Casebrook village in Christchurch
- Record high levels of care occupancy throughout FY15
- Record level of sales in FY15 with 578 units sold, a 26% increase on FY14







# SUMMERSET SNAPSHOT

## THIRD LARGEST OPERATOR, SECOND LARGEST DEVELOPER

- 2,419 retirement units (villas, apartments and care apartments)
- 616 care beds
- More than 3,500 residents
- 303 retirement units delivered in FY15
- 18 years of consistent delivery and growth
- 21 villages completed or in development
- 4 greenfield sites at Casebrook, Boulcott and the FY15 purchases in Parnell and St Johns
- Land bank will enable Summerset to close to double in size





# SUMMERSET STRATEGY

## SUMMERSET BUILDS, OWNS AND OPERATES RETIREMENT VILLAGES IN NZ

- Focus on continuum of care model
- Looking to pilot our first dementia facility in 2016
- High quality care and facilities within every village
- Village designed to integrate into local communities
- Internal development model
- Nationwide brand offering
- Customer centric philosophy – “we love the life you bring to us”
- New Zealand focus
- Lift in build rate to 400 retirement units per annum in 2016 to meet strong demand





# OPERATIONS AND STAFF

## FOCUS ON CLINICAL QUALITY AND STAFF TRAINING

- Continued Careerforce training programme participation, and qualification attainment
- 92% industry leading care customer satisfaction rating
- 97% village customer satisfaction rating
- Benchmarking of key clinical indicators introduced in 2015
- Continued focus on quality of care

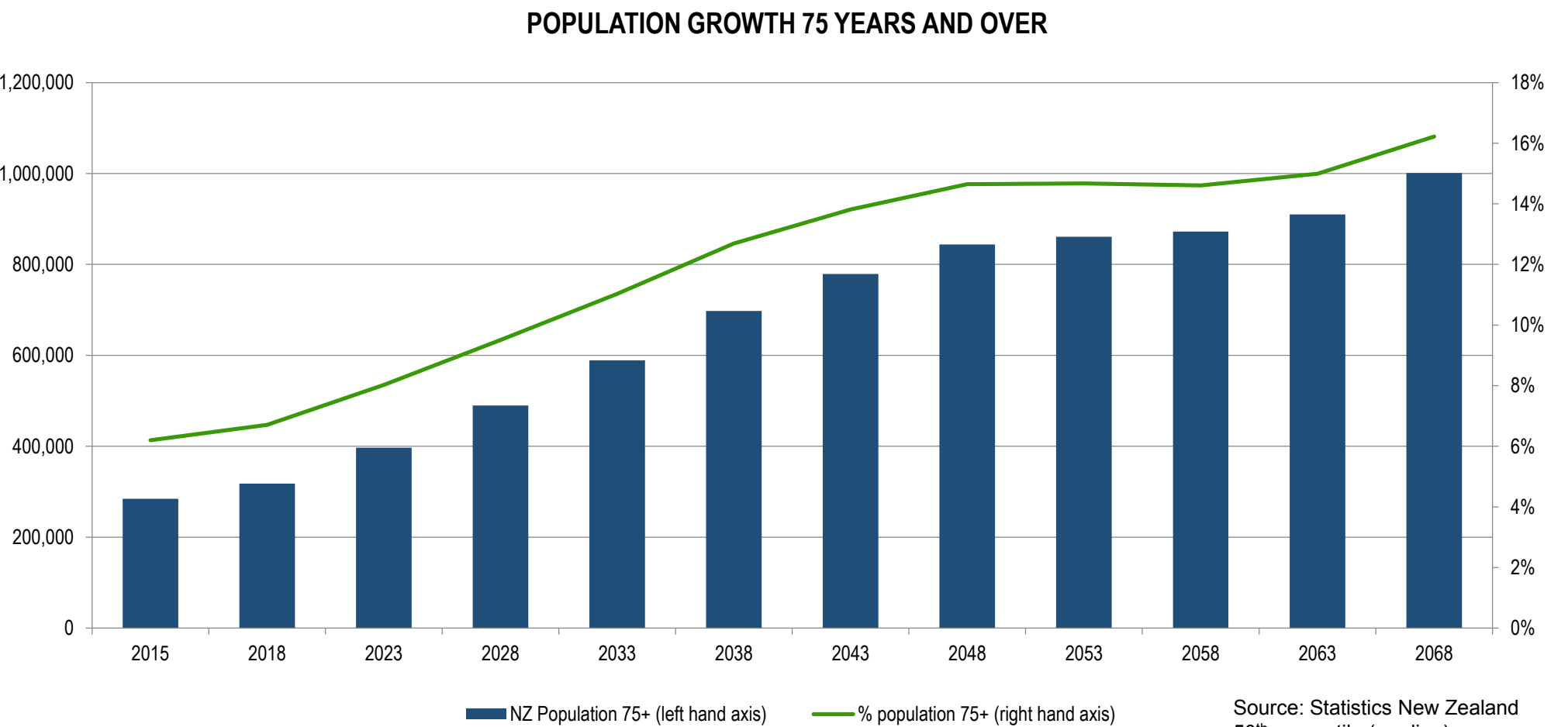






# DEMOGRAPHICS

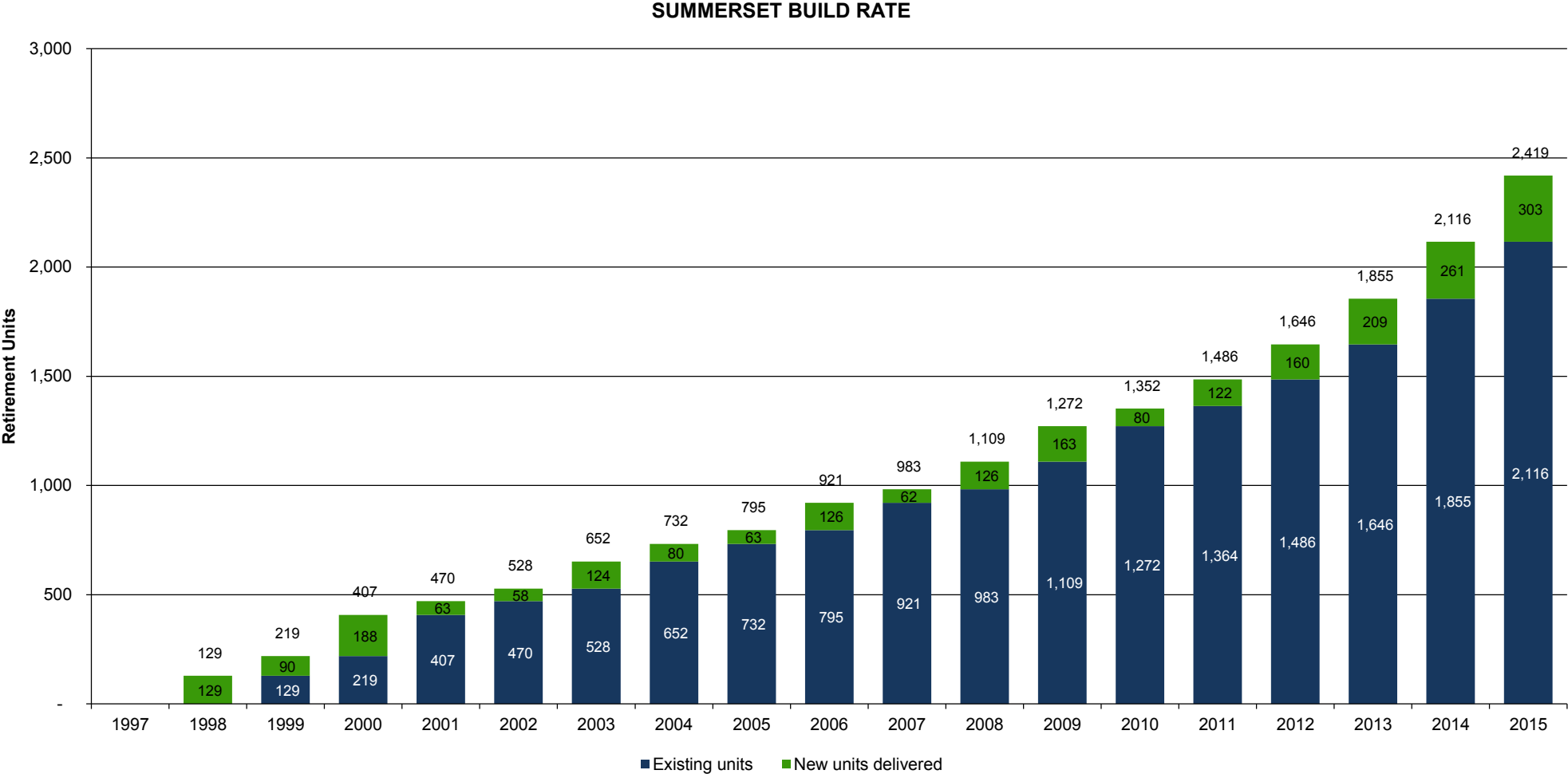
POPULATION OVER 75 YEARS FORECAST TO GROW 250% FROM 2015 TO 2068





# SUMMERSET GROWTH

## 18 YEARS OF CONSISTENT DELIVERY AND GROWTH





# FY15 DEVELOPMENT ACTIVITY

## DELIVERY OF 303 RETIREMENT UNITS IN FY15 ACROSS EIGHT SITES

Unit Delivery FY15	Villas	Apartments	Care Apartments	Total ILU's	Care Beds	Total Build
Hamilton	32	-	10	42	19	61
Hobsonville	43	-	-	43	-	43
Karaka	39	-	10	49	30	79
Katikati	-	-	10	10	30	40
Nelson	26	-	10	36	19	55
New Plymouth	32	-	8	40	28	68
Trentham	48	-	-	48	-	48
Wigram	35	-	-	35	-	35
<b>Total</b>	<b>255</b>	<b>-</b>	<b>48</b>	<b>303</b>	<b>126</b>	<b>429</b>

- 303 retirement units delivered across eight villages with a fairly even weighting across all villages excluding Katikati
- 30% of build within Auckland, 70% across the rest of the country
- Opened our first Christchurch village in Wigram
- Opened main buildings in Karaka and New Plymouth and completed main buildings in Hamilton and Nelson
- Villages with main buildings currently under development include Ellerslie, Hobsonville, Karaka, Katikati, New Plymouth and Wigram
- Care apartment buildings are currently under development in Nelson and Warkworth
- We expect to build over 10 sites in 2016 with additional site deliveries in Ellerslie and Warkworth





# FY15 DEVELOPMENT ACTIVITY

## DELIVERY OF 303 RETIREMENT UNITS IN FY15 ACROSS EIGHT SITES

Hamilton



Karaka



Trentham



Wigram



Nelson



Katikati







# FY15 DEVELOPMENT ACTIVITY

## DELIVERY OF 303 RETIREMENT UNITS IN FY15 ACROSS EIGHT SITES

Hobsonville



New Plymouth



Katikati



Hobsonville



New Plymouth



Karaka





# FUTURE DEVELOPMENT

## LAND BANK OF 2,414 RETIREMENT UNITS AND 406 CARE BEDS

	Land Bank - as at 31 December 2015 *				
	Villas	Apartments	Care Apartments	Total Retirement Units	Care Beds
Casebrook	184	0	53	237	49
Ellerslie	42	221	57	320	58
Hamilton	53	0	30	83	0
Hobsonville	46	73	50	169	52
Karaka	116	0	49	165	19
Katikati	109	0	10	119	20
Lower Hutt	42	96	43	181	49
Nelson	12	0	30	42	0
New Plymouth	62	0	32	94	24
Trentham	67	0	20	87	0
Warkworth	77	0	36	113	0
Wigram	121	0	53	174	49
St Johns	0	220	70	290	38
Parnell	3	261	76	340	48
<b>Grand Total</b>	<b>934</b>	<b>871</b>	<b>609</b>	<b>2,414</b>	<b>406</b>

\* Land bank reflects current intentions as at 31 December 2015

\* Excludes acquisition of land in Rototuna post balance date. This adds an additional 270 retirement units

- Land bank of 2,414 retirement units spread across brownfield and greenfield sites
- Additional pipeline of 406 care beds across existing sites, this will increase our care bed portfolio by 66%
- Build target of 400 retirement units in 2016
- Land bank provides around six years of supply at build rate target



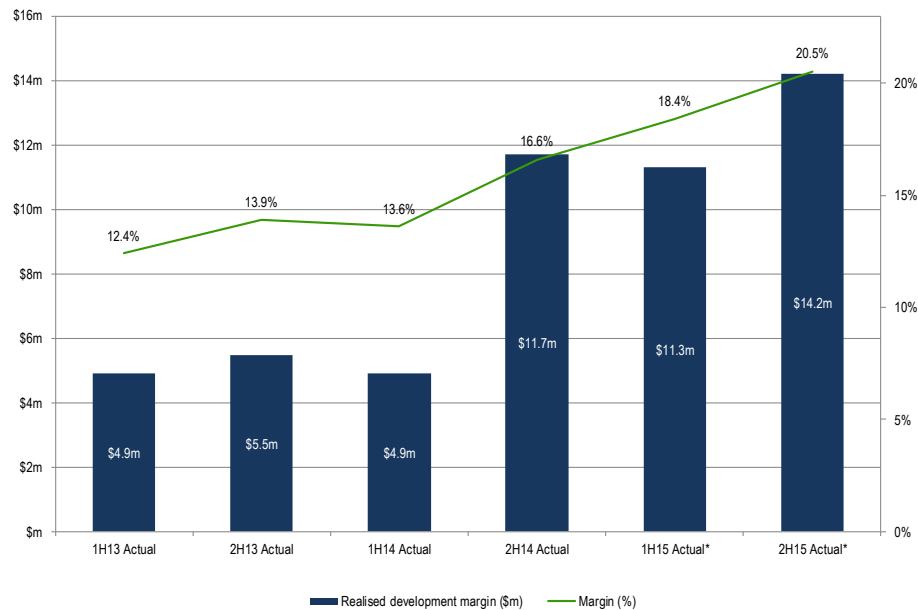


# DEVELOPMENT MARGIN

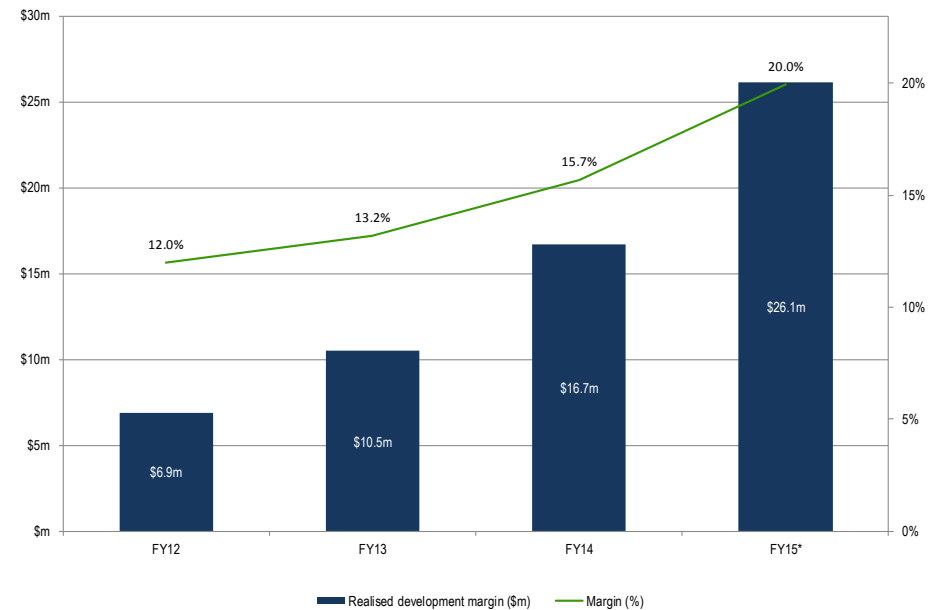
## RECORD PERFORMANCE IN REALISED DEVELOPMENT MARGIN

- Realised development margin of \$26.1m, up 57% from \$16.7m in FY14
- Record development margin of 20.0% in FY15, this is up from 15.7% in FY14 and above our medium term target of 17.0%
- Strong 2H15 development margin of 20.5%, up from 18.4% in 1H15

REALISED DEVELOPMENT MARGIN - HALF ON HALF MARGINS



REALISED DEVELOPMENT MARGIN - FULL YEAR MARGINS



\* Development margin is post impairments



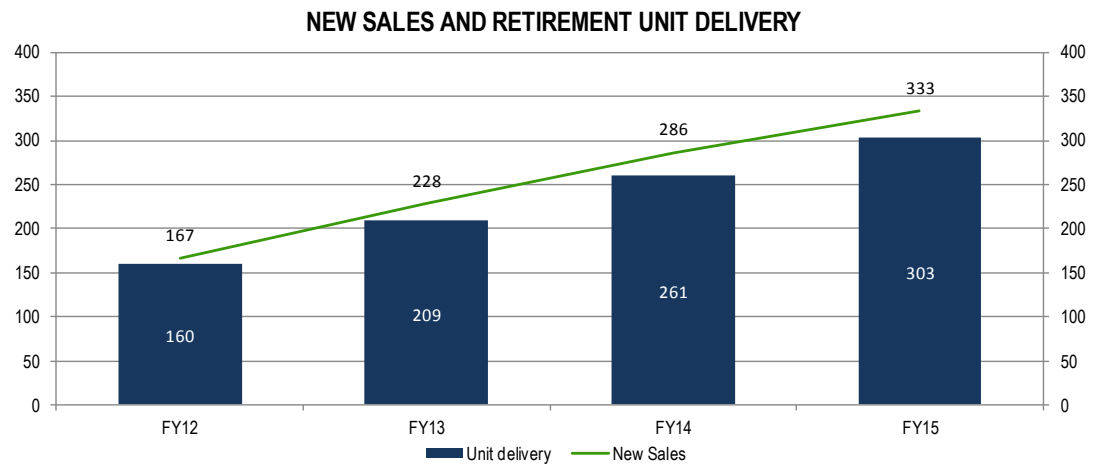
# NEW SALES OF OCCUPATION RIGHTS

## NEW SALES GROSS PROCEEDS UP 23% ON FY14 TO \$131M

- FY15 lift in sales associated with continued build programme and new villages opening
- Successful year with 30 more sales than retirement units delivered in 2015
- Over the last two years, annual new sale rates have lifted 25% and 16% year-on-year
- Strong new sales volumes in Hamilton, Karaka, Hobsonville, and Nelson
- New sale gross proceeds of \$131.0m in FY15, a \$24.8m increase in proceeds relative to FY14
- New sales of occupation rights up versus FY14:
  - Villas: 279, up 18% on FY14
  - Apartments: 5, down 75% on FY14
  - Care apartments: 49, up 69% on FY14

New Sales	FY15 Actual	FY14 Actual	FY15 Actual vs. FY14 Actual *	FY13 Actual
Gross proceeds (\$m)	131.0	106.3	23.3%	79.3
Villas	279	237	17.7%	204
Apartments	5	20	-75.0%	18
Care apartments	49	29	69.0%	6
<b>Total occupation rights</b>	<b>333</b>	<b>286</b>	<b>16.4%</b>	<b>228</b>

\* Percentage movements based on unrounded amounts





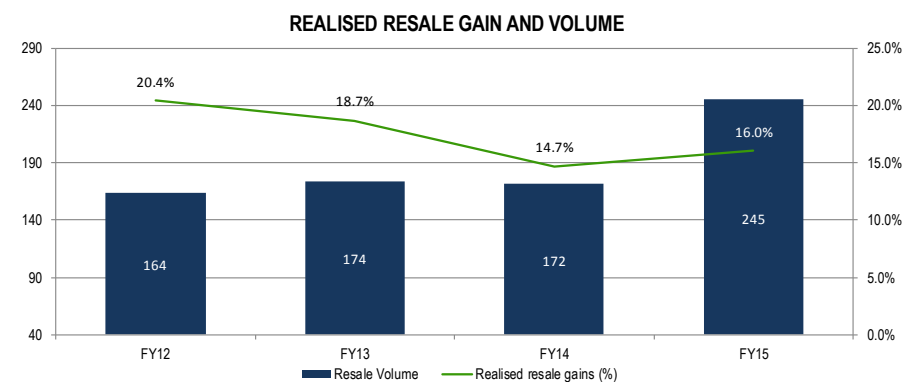
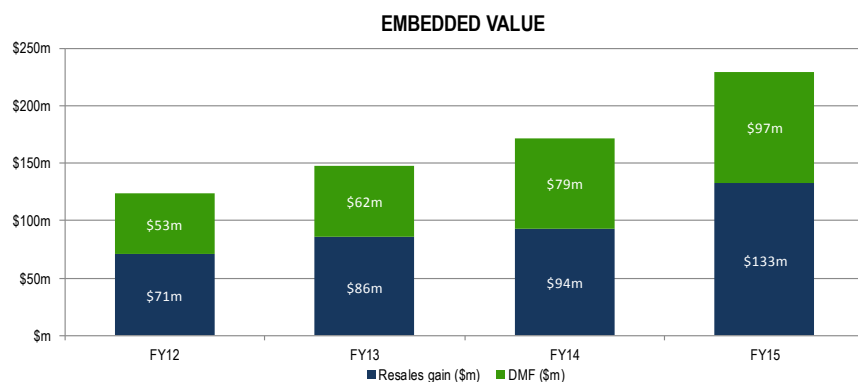
# RESALES OF OCCUPATION RIGHTS

## RESALES OF 245 OCCUPATION RIGHTS IN FY15, UP 42.4% ON FY14

- Gross proceeds of \$77.0m, up 40% on FY14
- Enhanced sophistication in sales pricing assisting with driving realised resale gains up to 16.0%
- Increase in turnover is driven by continued build, maturity of developing villages, and new villages beginning to turnover
- Only 36 resale occupation rights available for sale at 31 December 2015
- Embedded value \$95k per retirement unit, as at 31 December 2015

Resales	FY15 Actual	FY14 Actual	FY15 Actual vs. FY14 Actual *	FY13 Actual	FY12 Actual
Gross proceeds (\$m)	77.0	54.9	40.4%	51.6	44.5
Realised resale gains (\$m)	12.3	8.1	52.6%	9.7	9.1
Realised resale gains (%)	16.0%	14.7%	9.1%	18.7%	20.4%
DMF realisation (\$m)	9.4	6.2	53.0%	6.2	5.2
Villas	139	99	40.4%	105	93
Apartments	63	51	23.5%	34	38
Care apartments	43	22	95.5%	35	33
<b>Total occupation rights</b>	<b>245</b>	<b>172</b>	<b>42.4%</b>	<b>174</b>	<b>164</b>

\* Percentage movements based on unrounded amounts







# FINANCIAL RESULTS





# FY15 REPORTED PROFIT (IFRS)

## NET PROFIT AFTER TAX UP 56% VERSUS FY14

- NPAT up \$30.1m relative to FY14
- FY15 total revenue up 27% versus FY14
- FY15 total expenses up 28% versus FY14
- 2015 expenses include higher operating costs associated with both new villages and opening of care facilities
  - New care facilities in Hamilton, Nelson, Karaka, Katikati, and New Plymouth
  - Opened our village in Wigram
  - Higher sales and marketing costs associated with the additional FY15 sales achieved
- FV movement of \$83.5m for FY15

NZ\$m	FY15 Actual	FY14 Actual	<i>FY15 Actual vs. FY14 Actual *</i>	FY13 Actual
Total revenue	68.8	54.3	26.7%	45.2
Reversal of impairment on land and buildings	-	1.9	-100.0%	-
Fair value movement of investment property	83.5	52.5	59.0%	29.7
Total income	152.2	108.6	40.1%	74.9
Total expenses	61.1	47.8	27.7%	38.6
Net finance costs	8.4	6.8	22.5%	4.6
<b>Net profit before tax</b>	<b>82.8</b>	<b>54.0</b>	<b>53.3%</b>	<b>31.8</b>
Tax (credit) / expense	(1.5)	(0.2)	721.2%	(2.5)
<b>Net profit after tax</b>	<b>84.2</b>	<b>54.2</b>	<b>55.5%</b>	<b>34.2</b>

\* Percentage movements based on unrounded amounts



# FY15 UNDERLYING PROFIT

## UNDERLYING PROFIT UP 55% ON FY14

- Record underlying profit of \$37.8m, up 55% on FY14
- Record development margin achieved in FY15, with an additional \$9.4m of revenue generated, driven by both increased volume and the margin on retirement units sold
- Realised gain on resales increase largely volume driven, relating to 73 more retirement units sold relative to FY14
- Underlying profit has seen a 47% cumulative average growth rate since listing on the NZX

NZ\$m	FY15 Actual	FY14 Actual	FY15 Actual vs. FY14 Actual *	FY13 Actual
Reported profit after tax	84.2	54.2	55.5%	34.2
Less fair value movement of investment property	(83.5)	(52.5)	59.0%	(29.7)
Reversal of impairment on land and buildings	-	(1.9)	-100.0%	-
Add realised gain on resales	12.3	8.1	52.6%	9.7
Add realised development margin	26.1	16.7	56.5%	10.5
Less/add deferred tax credit/expense	(1.5)	(.2)	721.2%	(2.5)
<b>Underlying profit</b>	<b>37.8</b>	<b>24.4</b>	<b>54.8%</b>	<b>22.2</b>

\* Percentage movements based on unrounded amounts





# FY15 CASH FLOWS

## CONTINUED INVESTMENT IN NEW VILLAGE BUILDS

- Net operating cash flow of \$142.6m for FY15, up 29% on FY14
- Positive cash flow increases in both care and village revenue, and receipts associated with sales
- Net investing cash flow of \$225.1m, up 58% on FY14, with continued investment in new village builds

NZ\$m	FY15 Actual	FY14 Actual	FY15 Actual vs. FY14 Actual *	FY13 Actual
Care fees and village services	46.4	36.2	28.3%	31.8
Interest received	0.5	0.3	70.4%	0.2
Payments to suppliers and employees	(54.7)	(42.0)	30.1%	(36.9)
Net receipts for resident loans	150.3	115.9	29.6%	93.5
<b>Net operating cash flow</b>	<b>142.6</b>	<b>110.4</b>	<b>29.1%</b>	<b>88.6</b>
Acquisition of PPE & IP	(223.0)	(139.8)	59.4%	(108.1)
Other investing cash flows	(2.1)	(2.2)	-6.1%	(1.5)
<b>Net investing cash flow</b>	<b>(225.1)</b>	<b>(142.1)</b>	<b>58.4%</b>	<b>(109.5)</b>
Proceeds from bank loans	97.4	45.6	113.8%	27.1
Dividends paid	(8.6)	(10.0)	-14.5%	(5.3)
Proceeds from issue of shares	3.0	4.4	-31.9%	3.7
Other financing cash flows	(7.6)	(6.5)	16.9%	(4.3)
<b>Net financing cash flows</b>	<b>84.3</b>	<b>33.5</b>	<b>151.7%</b>	<b>21.2</b>
Net increase in cash	1.8	1.8	-3.0%	.3

\* Percentage movements based on unrounded amounts



# FY15 BALANCE SHEET

## TOTAL ASSETS OF \$1.4B, UP 31% FROM \$1.0B IN FY14

- Total assets of \$1.4b, up 31% on FY14
- Investment property valuation of \$1.3b, up 26% on FY14
- Other assets include land and buildings (primarily care facilities)
- Embedded value of \$229.7m, \$95k per retirement unit, as at 31 December 2015:
  - \$132.9m resales gain
  - \$96.8 deferred management fee
- Bank facility increased from \$255m to \$450m to support the increase in build rate to 400 retirement units in 2016 and beyond and to provide additional financial flexibility
- Gearing ratio of 37.1% up from 30.5% in FY14. This is in line with expectations and remains at a prudent level

NZ\$m	FY15 Actual	FY14 Actual	<i>FY15 Actual vs. FY14 Actual *</i>	FY13 Actual
Investment property	1,261.2	958.2	31.6%	776.6
Other assets	102.4	85.0	20.4%	68.3
<b>Total assets</b>	<b>1,363.5</b>	<b>1,043.2</b>	<b>30.7%</b>	<b>844.9</b>
Residents' loans	637.2	513.7	24.0%	414.2
Bank loans	248.2	150.8	64.6%	105.3
Other liabilities	68.3	46.4	47.2%	43.5
<b>Total liabilities</b>	<b>953.8</b>	<b>710.9</b>	<b>34.2%</b>	<b>563.0</b>
<b>Net assets</b>	<b>409.8</b>	<b>332.3</b>	<b>23.3%</b>	<b>281.9</b>
<b>Embedded value</b>	<b>229.7</b>	<b>172.1</b>	<b>33.5%</b>	<b>147.3</b>
<b>NTA (cents per share)</b>	<b>188.5</b>	<b>153.3</b>	<b>23.0%</b>	<b>131</b>

\* Percentage movements based on unrounded amounts



# 5 YEAR METRICS SUMMARY

## UNDERLYING PROFIT UP \$29.7M OR 368% ON FY11

		4 Year CAGR	FY15	FY14	FY13	FY12	FY11
Operational	New sales of occupation rights	33%	333	286	228	167	108
	Resales of occupation rights	19%	245	172	174	164	123
	Total sales	26%	578	458	402	331	231
	New units delivered	26%	303	261	209	160	122
	Retirement units in portfolio	13%	2419	2116	1855	1646	1486
	Care beds in portfolio	17%	616	485	442	327	327
Financial (NZ\$m)	Total revenue (\$m)	20%	68.8	54.3	45.2	38.1	33.7
	Net profit after tax (\$m)	110%	84.2	54.2	34.2	14.8	4.3
	Underlying profit* (\$m)	47%	37.8	24.4	22.2	15.2	8.1
	Net operating cash flow (\$m)	34%	142.6	110.4	88.6	66.3	43.7
	Total assets (\$m)	22%	1,363.5	1,043.2	844.9	702.3	616.9
	Total equity (\$m)	15%	409.8	332.3	281.9	248.8	233.4
	Interest bearing loans and borrowings (\$m)	38%	248.2	150.8	105.3	78.2	69.1
	Cash and cash equivalents (\$m)	-7%	6.7	4.9	3.0	2.8	9.0
	Gearing ratio (Net D/ Net D+E)	16%	37.1%	30.5%	26.6%	23.3%	20.5%
	EPS (cents) (IFRS profit)	101%	38.94	25.16	15.99	6.96	2.39
	NTA (cents)	15%	188.52	153.33	131.24	116.49	109.33
	Development margin (%)	34%	20.0%	15.7%	13.2%	12.0%	6.2%





# FINAL DIVIDEND





# FY15 FINAL DIVIDEND

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## SUMMERSET BOARD DECLARES FY15 FINAL DIVIDEND

- The Summerset Board have declared a final dividend of 3.4 cents per share, unimputed
- This represents a total pay-out for the second half of 2015 of approximately \$7.5m
- Total dividends paid for the 2015 year (interim and final) of 5.25 cents per share, being approximately \$11.5m, representing 30.5% of FY15 underlying profit
- 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 Thursday the 10<sup>th</sup> of March 2016. Any applications received on or after this time will be applied to subsequent dividends
- The final dividend will be paid on Thursday the 24<sup>th</sup> of March 2016. The record date for final determination of entitlements to the final dividend is Wednesday the 9<sup>th</sup> of March 2016





# QUESTIONS?

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# DISCLAIMER

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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





# PORTFOLIO AS AT 31 DECEMBER 2015

## 2,419 RETIREMENT UNITS AND 617 CARE BEDS

	Existing Portfolio – as at 31 December 2015				
	Villas	Apartments	Care Apartments	Total Retirement Units	Care Beds
Aotea	96	33	38	167	0
Dunedin	61	20	20	101	41
Hamilton	130	0	20	150	49
Hastings	146	5	0	151	0
Havelock North	94	28	0	122	41
Hobsonville	79	0	0	79	0
Karaka	66	0	10	76	30
Katikati	47	0	10	57	30
Levin	64	22	0	86	30
Manukau	89	67	27	183	53
Napier	94	26	20	140	48
Nelson	202	0	25	227	59
New Plymouth	46	0	8	54	28
Palmerston North	90	12	0	102	44
Paraparaumu	92	22	0	114	44
Taupo	94	34	18	146	0
Trentham	164	12	20	196	41
Wanganui	70	18	12	100	37
Warkworth	123	2	8	133	41
Wigram	35	0	0	35	0
<b>Total</b>	<b>1,882</b>	<b>301</b>	<b>236</b>	<b>2,419</b>	<b>616</b>





# LAND BANK AS AT 31 DECEMBER 2015

## LAND BANK OF 2,414 RETIREMENT UNITS AND 406 CARE BEDS

	Land Bank - as at 31 December 2015 *				
	Villas	Apartments	Care Apartments	Total Retirement Units	Care Beds
Casebrook	184	0	53	237	49
Ellerslie	42	221	57	320	58
Hamilton	53	0	30	83	0
Hobsonville	46	73	50	169	52
Karaka	116	0	49	165	19
Katikati	109	0	10	119	20
Lower Hutt	42	96	43	181	49
Nelson	12	0	30	42	0
New Plymouth	62	0	32	94	24
Trentham	67	0	20	87	0
Warkworth	77	0	36	113	0
Wigram	121	0	53	174	49
St Johns	0	220	70	290	38
Parnell	3	261	76	340	48
<b>Grand Total</b>	<b>934</b>	<b>871</b>	<b>609</b>	<b>2,414</b>	<b>406</b>

\* Land bank reflects current intentions as at 31 December 2015

\* Excludes acquisition of land in Rototuna post balance date. This adds an additional 270 retirement units