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Summerset HY Results 2024

SUMMERSET FIRST HALF UNDERLYING PROFIT \$89.9M, UP 3%

- Underlying profit for 1H24 of NZ\$89.9m, up 3% on 1H23
- Reported (IFRS) profit after tax of NZ\$102.2m
- Total assets of NZ\$7.4 billion, up 17% on 1H23
- Gearing ratio of 36.2%
- 352 new units delivered
- 588 sales of occupation rights for the half
- Development margin of 28.3%
- New site acquired in New Zealand

Retirement village operator Summerset Group Holdings Limited has announced an underlying profit of \$89.9 million for the six months ended 30 June 2024, a 3% increase on the first half of 2023.

Summerset CEO Scott Scoullar said the company had delivered an underlying profit at the upper end of the guidance provided to investors in early July (\$87-90m).

“We feel, in the current market, we’ve shown the continued strength of our sales pipeline, our disciplined approach to costs and the demand for our retirement living option despite the weak macroeconomic conditions we find ourselves in,” says Mr Scoullar.

Summerset recorded 588 sales comprising 290 new sales and 298 resales in the six months to 30 June 2024. Total sales for the first half of the year were the highest first half the company has recorded, with resales being particularly strong.

“The New Zealand property market saw a softer than anticipated start to 2024, restrained by high interest rates, weak consumer confidence and cost of living pressures. This has meant that some of our prospective residents have taken longer to sell their homes to enable them to move into our villages.”

The Summerset Board has declared an unimputed interim dividend of NZ11.3 cents per share. The record date will be 9 September 2024, with payment on 20 September 2024.

Summerset adds to land bank

Summerset has also announced the purchase of a new site in New Zealand in Napier (Hawke’s Bay).

“We’re pleased to continue to find quality sites to grow our business where we’ll be able to introduce more New Zealanders to our retirement village lifestyle.”

Napier is a highly desirable location to retire. There is already a strong demand for retirement village homes, with Summerset’s existing villages in Napier maintaining low levels



of stock and having very strong waitlists which will only increase with the forecast population growth for those aged 75 years.

“Our proposed Napier village will complement our two existing villages in the city, Summerset in the Bay (Greenmeadows) and Summerset Palms (Te Awa) and will be our fifth village in the Hawke’s Bay.”

The new site will offer approximately 300 units and further boost Summerset’s land bank of units, the largest in New Zealand’s retirement village sector.

Progress in Australia

“Our first Australian residents moved into our Cranbourne North village in March of this year. We’ve recently completed the village’s first stage of independent living homes and have commenced the second stage of deliveries. We broke ground on the main building in July also – another major milestone for us in Australia”, said Mr Scoullar.

“We’ve made excellent progress at our other sites too with civil works well underway at our Chirnside Park site in Melbourne’s northeast while we’ve had unanimous approval for our plans for our Oakleigh South village from the Monash Council and we have an approved development plan for our Torquay site as well.”

Aged Care Funding Failures

Mr Scoullar said Summerset and other aged care sector operators, continue to be very concerned about government underfunding in the wider aged care sector.

“Despite the industry’s continued raising of this issue, successive governments have failed to take the risks to aged New Zealanders and the wider health system seriously.”

Mr Scoullar says this will mean more and more elderly New Zealanders end up reverting to the public healthcare system where they will occupy hospital beds required by Kiwis of all ages.

“Health New Zealand’s most recent offer of a 3.2% increase in aged care funding is well below the 11% required to simply cover aged care providers’ rising costs over the last 12 months.

“We’ll continue to provide care, as it’s highly valued by our residents, but with the funding model the way it is we are focusing our care offering on smaller care facilities that are targeted at our village residents only.

“The wider aged care sector faces systemic challenges with over 60% of aged care provided by not-for-profits or charities, many of which are closing or reducing aged care beds. We will continue to strongly support the New Zealand Aged Care Association’s work to highlight the underfunding of aged care and the consequences for us all.”

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ABOUT SUMMERSET

- Summerset is one of the leading operators and developers of retirement villages in New Zealand, with 39 villages completed or in development nationwide
- In addition, Summerset has six proposed sites at Rotorua (Bay of Plenty), Mission Hills (Napier), Palmerston North (Manawatu), Masterton (Wairarapa), Rolleston (Christchurch), Mosgiel (Dunedin)
- Summerset also has two villages in development (Cranbourne North and Chirside Park) and five other properties in Victoria, Australia (Craigieburn, Drysdale, Mernda, Oakleigh South and Torquay)
- Summerset provides a range of living options and care services to more than 8,400 residents