



Summerset Group Holdings Limited
Level 27 Majestic Centre, 100 Willis St, Wellington
PO Box 5187, Wellington 6140
Phone: 04 894 7320 | **Fax:** 04 894 7319
Website: www.summerset.co.nz

MEDIA RELEASE

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FIRST HALF UNDERLYING PROFIT OF \$48M, UP 6%

- Underlying profit for 1H19 of NZ\$47.8 million, up 6% on 1H18
- Reported (IFRS) profit after tax of NZ\$92.6 million, down 4% on 1H18
- Total assets of NZ\$3.0 billion, up 24% on 1H18
- Six new sites acquired this year
- 139 new retirement units delivered
- 278 total sales of occupation rights
- Interim dividend of NZ 6.4 cents per share
- Development margin of 28.4%

Retirement village operator Summerset Group Holdings Limited has announced an underlying profit of \$47.8 million, a 6% increase on the first half of 2018.

Summerset CEO Julian Cook said results had been driven by strong demand at Eilerslie and Hobsonville villages.

“Eilerslie and Hobsonville were our top sellers this half despite the slower Auckland housing market,” Mr Cook said.

Reported (IFRS) profit was \$92.6 million, down 4% on the same period last year. IFRS profit includes fair value movement on investment property.

“The fair value movement reflects ongoing strong value growth across the business and is close to the increase seen in the prior comparable period. This is despite the flattening property market in some areas of the country,” said Mr Cook.

Mr Cook said the company had purchased six new sites since the start of this year. These are located in Blenheim, Rangiora, Cambridge, Milldale, Waikanae and Whangarei.

“These purchases reflect our desire to buy sites in urban fringe locations, retirement destinations, and high growth regional centres. These sites are attractive from a financial return, risk, and demand perspective,” he said.

The additional sites have lifted Summerset’s land bank to nearly 5,000 retirement units, the largest in the sector.

Summerset delivered 139 new homes in the half year. Mr Cook said the company expects to deliver around 350 homes this year, with a further 150 retirement units to be completed in the main buildings at Casebrook and Rototuna in the first half of 2020.



Summerset is opening three new villages this year, in Avonhead (Christchurch), Kenepuru (Wellington), and Richmond (Tasman).

“We’ve been very pleased with pre-sales interest and settlements for the new villages,” Mr Cook said.

Summerset reported a development margin of 28.4%, down from 33.0% for the same period last year. This is in line with the company’s longer term expectations of development margins in the 20-25% range.

Total assets grew to \$3.0 billion, up 24% on the same period last year.

Last year Summerset committed to reducing its impact on the environment through CEMARS (Certified Emissions Measurement and Reduction Scheme) certification.

“We were delighted to become the first retirement village operator in New Zealand to be certified carboNZero and have also become a member of the Climate Leaders Coalition this year,” said Mr Cook.

Summerset continues to explore expansion across the Tasman.

“We are in the process of carrying out due diligence on a number of potential sites in Melbourne, Victoria. We are seeing a good range of opportunities and will continue to be prudent with our approach”.

The board has declared an unimputed interim dividend of NZ 6.4 cents per share. The record date will be Tuesday 27 August 2019 and payment date Monday 9 September 2019.

ENDS

For investor relations enquiries:

Scott Scoullar
CFO and Deputy CEO
scott.scoullar@summerset.co.nz
029 894 7317

For media enquiries:

Jenny Bridgen
Communications Manager
jenny.bridgen@summerset.co.nz
021 408 215

ABOUT SUMMERSET

- Summerset is one of the leading operators and developers of retirement villages in New Zealand, with 28 villages completed or in development across the country. In addition, Summerset has 10 sites for development in Milldale (Auckland), Parnell (Auckland), St Johns (Auckland), Rangiora (Canterbury), Waikanae (Kapiti Coast), Blenheim (Marlborough), Pohutukawa Place (New Plymouth), Whangarei (Northland), Cambridge (Waikato) and Lower Hutt (Wellington), bringing the total number of sites to 38.
- It provides a range of living options and care services to more than 5,000 residents.
- Silver Award winner of the Reader’s Digest Quality Service Awards in 2019.
- The Summerset Group has villages in Aotea, Avonhead, Casebrook, Dunedin, Ellerslie, Hamilton, Hastings, Havelock North, Hobsonville, Karaka, Katikati, Kenepuru, Levin, Manukau, Napier, Nelson, New Plymouth, Palmerston North, Papamoa Beach, Paraparaumu, Richmond, Rototuna, Taupo, Te Awa, Trentham, Wanganui, Warkworth and Wigram.