



FULL YEAR RESULTS PRESENTATION

YEAR ENDED 31 DECEMBER 2011

SUMMERSET GROUP HOLDINGS LIMITED

29 February 2012





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FY11 RESULT HIGHLIGHTS





FY11 RESULT HIGHLIGHTS

AHEAD OF IPO FORECASTS AND STRONGLY UP ON FY10

	NZ\$000	FY11 Actual	FY11 IPO Forecast	FY11 Actual vs. FY11 IPO Forecast	FY10 Actual
Operational	New sales of occupation rights	108	102	+5.9%	80
	Resales of occupation rights	123	116	+6.0%	105
	New units delivered	122	121	+0.8%	80
Financial	Net operating cash flow	\$43,684	\$38,333	+14%	\$33,849
	Underlying NPAT	\$8,080	\$5,995	+35%	N/A
	IFRS NPBT	\$4,364	\$4,264	+2.3%	\$4,047
	IFRS NPAT	\$4,324	\$4,994	-13%	(\$1,900)

IPO forecast refers to the prospective financial information contained in the investment statement and prospectus dated 27 September 2011

Underlying NPAT differs from IFRS NPAT refer to slide 22 for the definition of Underlying NPAT



FY11 RESULT HIGHLIGHTS

AHEAD OF IPO FORECASTS ON ALL KEY METRICS

- Strong growth in year on year performance versus FY10 results
- Operational performance in all key areas exceeded IPO forecasts
- FY11 Underlying NPAT of \$8.1m, up 35% on IPO forecast, due to very strong second half performance:
 - Higher realised gains on resales
 - Higher development margin
 - Strong operational performance
- FY11 IFRS NPBT of \$4.4m up 2.3% on IPO forecast
- FY11 actual tax expense of \$0.04m versus IPO forecast of \$0.73m credit – difference is non-cash and due to accounting treatment of tax losses and deferred tax
- Reported FY11 IFRS NPAT of \$4.3m
- If tax losses incurred in FY11 were booked in the income statement, FY11 IFRS NPAT would be \$5.0m versus IPO forecast of \$5.0m

A wooden sign with a scalloped edge is mounted on a wooden fence. The sign reads "GRANDPA'S PLACE" in white, bold, sans-serif capital letters. A small white flower with a red center is perched on the top right corner of the sign. The background is a blurred outdoor scene with a blue sky and a white lattice fence.

**GRANDPA'S
PLACE**

BUSINESS OVERVIEW

 **Summerset**



FY11 REVIEW

2011 WAS A MILESTONE YEAR FOR SUMMERSET

- IPO completed in November 2011
- \$123m equity raised from approximately 1,200 new shareholders
- \$50m of new equity raised to accelerate Summerset's growth
- "Best Retirement Village Operator in Australasia 2011" – second year in a row
- Completion of our largest village and commencement of two new villages
- Strong growth in financial performance versus FY10





SUMMERSET SNAPSHOT

THIRD LARGEST OPERATOR, SECOND LARGEST DEVELOPER

- 1,486 retirement units (villas, apartments and care apartments)
- 327 care beds
- Over 1,700 residents

- 122 units delivered in FY11
- On track to deliver 155 units in FY12

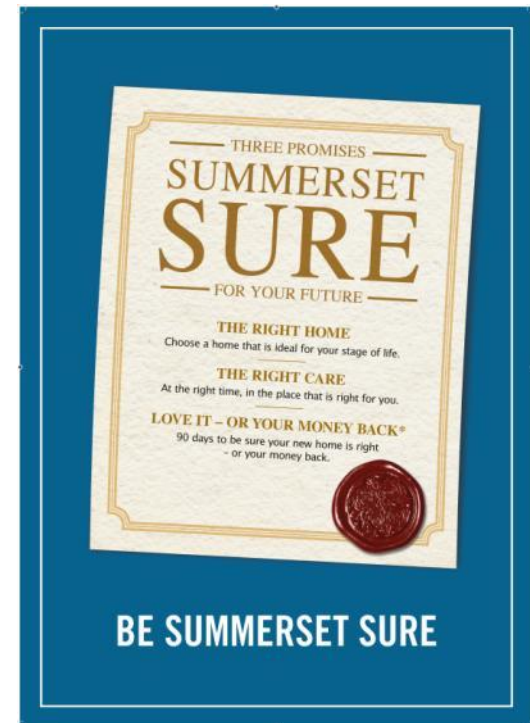




SUMMERSET STRATEGY

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

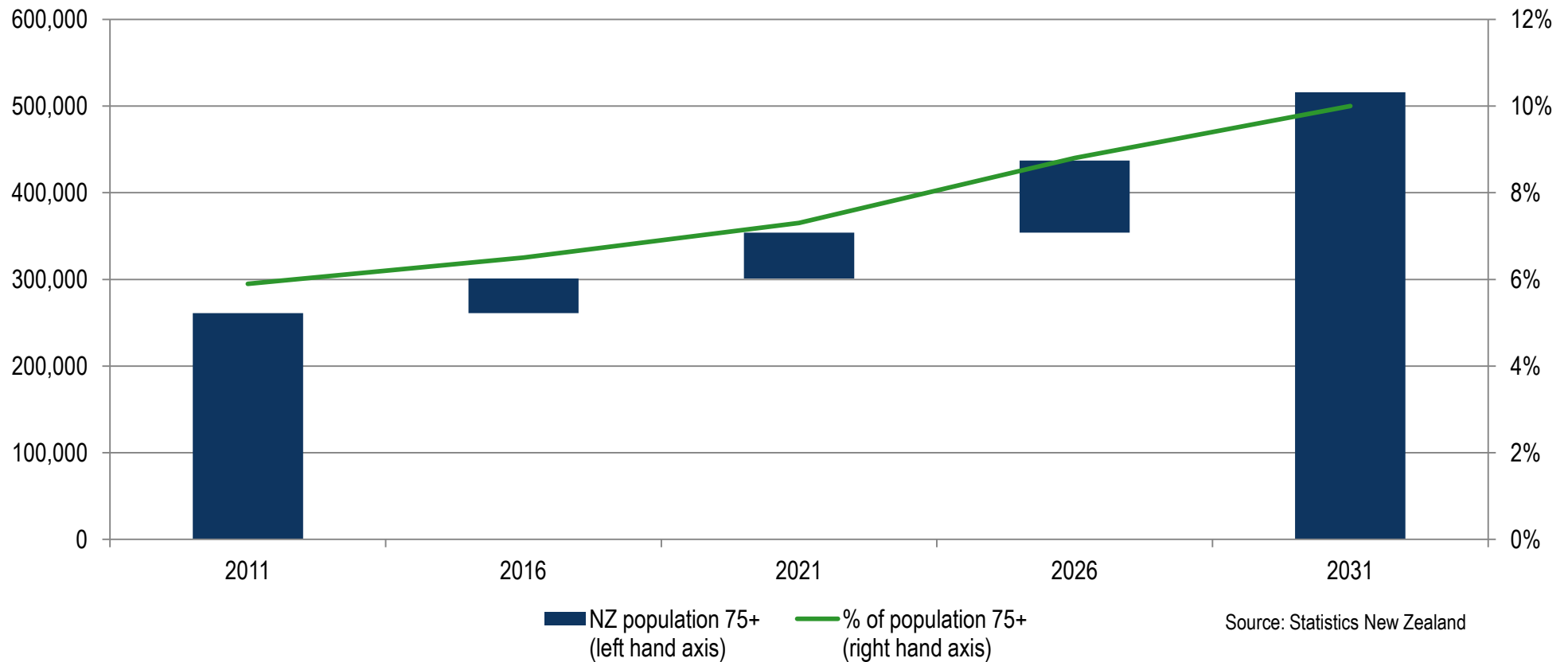




DEMOGRAPHICS

POPULATION OVER 75 YEARS FORECAST TO DOUBLE BY 2031

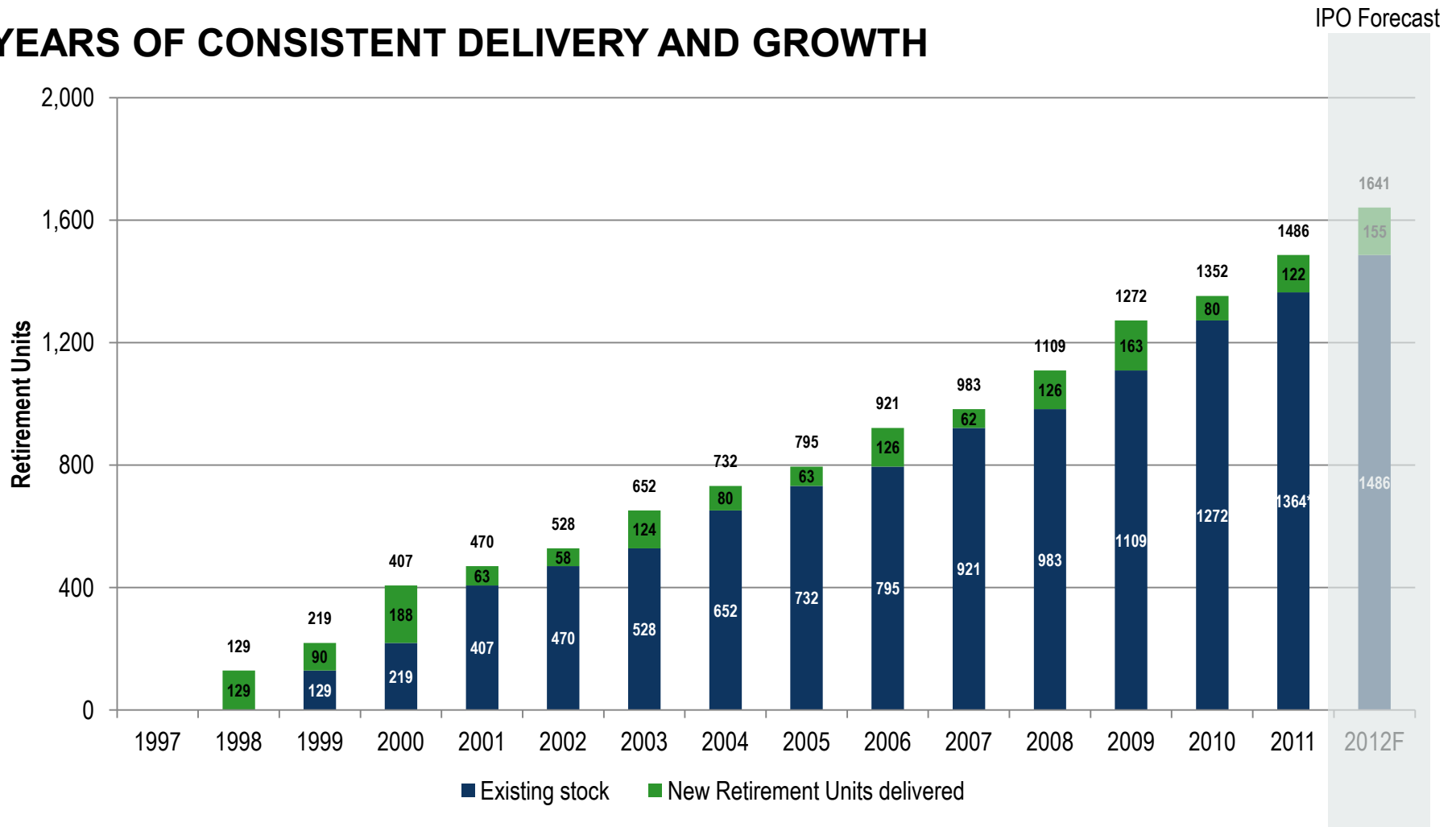
POPULATION GROWTH 75 YEARS AND OVER





SUMMERSET GROWTH

13 YEARS OF CONSISTENT DELIVERY AND GROWTH



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



FY11 DEVELOPMENT ACTIVITY

DELIVERY OF 122 UNITS IN FY11 ACROSS FIVE SITES

- 122 units delivered across five villages – in line with IPO forecast of 121 units
- Two main building constructions commenced
- Acquired Nelson site September 2011 and delivered 26 units on this site prior to year end
- On track for IPO forecast of 155 unit delivery for FY12

	Unit delivery FY11 Actual
	Villas
Hamilton	40
Hastings	25
Manukau	17
Nelson	26
Warkworth	14
Total	122



FY11 DEVELOPMENT ACTIVITY

DELIVERY OF 122 UNITS IN FY11 ACROSS FIVE SITES

Hamilton



Manukau



Nelson



Hastings



Warkworth



FUTURE DEVELOPMENT

LAND BANK OF 1,052 RETIREMENT UNITS AND 240+ CARE BEDS

- Land bank of 1,052 retirement units spread across brownfield and greenfield sites
- Additional pipeline of 240+ care beds across existing sites
- Target of delivering 250 retirement units per annum within 5 years
- Expect to make further announcements regarding new sites in the coming year

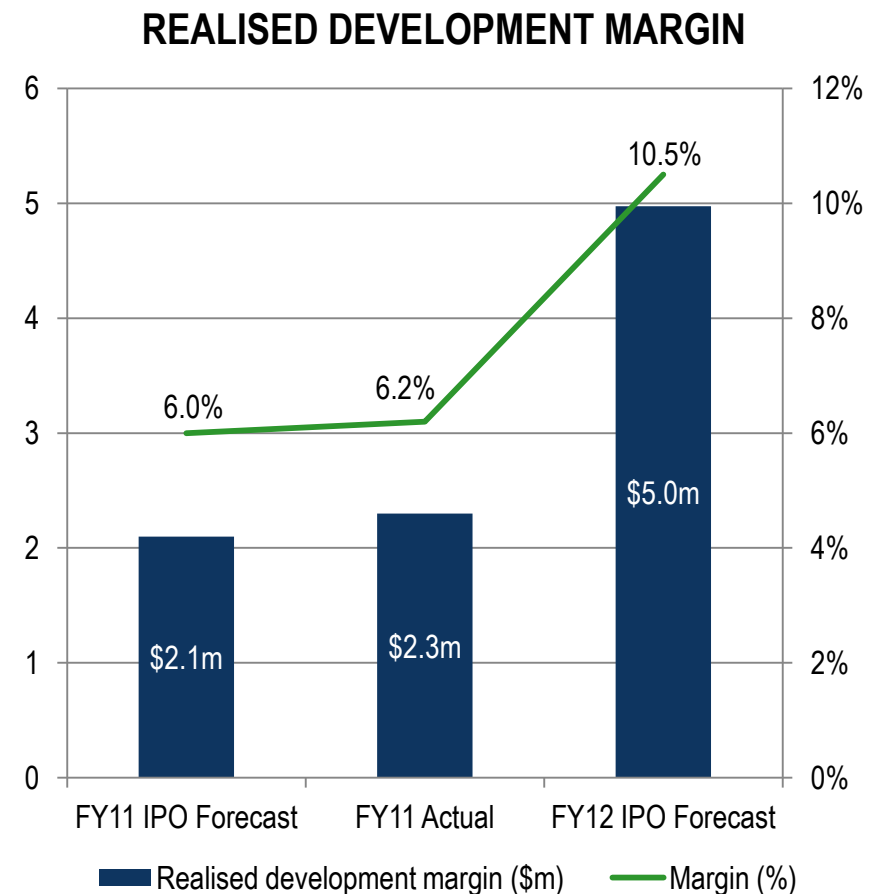
	Land bank – as at 31 December 2011				
	Villas	Apartments	Care Apartments	Total Retirement Units	Care Beds
Dunedin	31	64	29	124	40
Hamilton	140	50	10	200	40
Hastings	69	-	5	74	-
Karaka	60	85	10	155	40
Katikati	111	26	20	157	40
Nelson	184	25	30	239	40
Warkworth	93	2	8	103	40
Total	688	252	112	1,052	240+



DEVELOPMENT MARGIN

REALISED DEVELOPMENT MARGIN \$2.3M VERSUS IPO FORECAST \$2.1M

- Increased development margin
- Development process largely internal now
- Project management and cost management internal now for 2 years
- In house design team employed in FY11
- Summerset managed construction of the Nelson site in FY11
- Summerset will manage construction on most sites in FY12





NEW SALES OF OCCUPATION RIGHTS

NEW SALES OF 108 OCCUPATION RIGHTS VERSUS IPO FORECAST OF 102

- New sales of occupation rights up versus IPO forecast:
 - Gross proceeds: \$37.3m, 6.8% over IPO forecast
 - Occupation rights: 108, up 5.9% over IPO forecast
- New sales of occupation rights up 35% versus FY10
- Strong second half performance
- New units developed in FY11 all delivered in December 2011
- 45 new occupation rights available for sale at 31 December 2011 excluding new unit deliveries

	FY11 Actual	FY11 IPO Forecast	FY11 Actual vs. FY11 IPO Forecast	FY12 IPO Forecast
Gross proceeds (\$000)	37,259	34,883	+6.8%	47,313
Villas	62	46		97
Apartments	28	44		25
Care apartments	18	12		12
Total occupation rights	108	102	+5.9%	134



RESALES OF OCCUPATION RIGHTS

RESALES OF 123 OCCUPATION RIGHTS VERSUS IPO FORECAST OF 116

- Resales of occupation rights up versus IPO forecast:
 - Realised resale gains: \$7.5m, 23% over IPO forecast
 - Occupation rights resold: 123, 6.0% over IPO forecast
- Resales of occupation rights up 17% versus FY10
- Strong second half performance
- 32 resale occupation rights available for sale at 31 December 2011

	FY11 Actual	FY11 IPO Forecast	FY11 Actual vs. FY11 IPO Forecast	FY12 IPO Forecast
Realised resale gains (\$000)	7,535	6,128	+23.0%	6,283
Villas	67	71		73
Apartments	22	19		23
Care apartments	34	26		28
Total occupation rights	123	116	+6.0%	124



CUSTOMER AND BRAND FOCUS

BEST RETIREMENT VILLAGE OPERATOR IN AUSTRALASIA 2011

- Customer centric approach
- Focus on “love the life you bring to us” – a celebration of age
- “Best Retirement Village Operator in Australasia 2011” – second year in a row
- Leading customer offering:
 - Summerset Sure – 90 day money back guarantee
 - Weekly fee and DMF ceasing on vacation of unit
 - The market leading disaster policy for residents
- TV commercial – first nationwide TV commercial, reached 720,000 households on 5 channels
- Grass roots community sponsorship programme
- Resident engagement a constant focus





OPERATIONS AND STAFF

DEDICATED AND COMMITTED OPERATIONS TEAM

- All caregivers now receiving nationally recognised NZQA qualifications in health, disability and aged support
- Specialised training and induction for all Summerset staff
- Cook fresh introduced across all sites



A photograph of a wooden fence with a sign that reads "GRANDPA'S PLACE". A small white flower is on top of the fence. The background is a blurred blue sky and a house.

GRANDPA'S
PLACE

FINANCIAL RESULTS

 Summerset



FY11 REPORTED PROFIT (IFRS)

IFRS NPBT UP 2.3% VERSUS IPO FORECAST

- FY11 revenue up 11% versus FY10 excluding one-off uplift of DMF in 2010 of \$3.9m
- Fair value movement on investment property lower than IPO forecast due to higher than expected realised resale gains
- Land and buildings revalued up by \$6.14m, \$0.28m recognised in income statement as reversal of previous impairment
- Interest rate swap mark to market cost included in net finance costs – negative impact of \$0.28m versus the IPO forecast
- FY11 actual tax expense of \$0.04m versus IPO forecast of \$0.73m credit – difference is non-cash and due to accounting treatment of tax losses and deferred tax
- Reported FY11 IFRS NPAT of \$4.3m
- If tax losses incurred in FY11 were booked in the income statement, FY11 IFRS NPAT would be \$5.0m versus IPO forecast of \$5.0m

NZ\$000	FY11 Actual	FY11 IPO Forecast	FY11A v FY11 IPO Forecast	FY10 Actual
Total revenue	33,703	32,530	3.6%	34,235
Reversal of land and buildings impairment	278	-	N/A	-
Fair value movement of investment property	5,841	6,605	-12%	1,628
Total income	39,822	39,135	+1.8%	35,863
Total expenses	29,814	29,122	+2.4%	28,406
Net finance costs	5,644	5,749	-1.8%	3,410
Net profit before tax	4,364	4,264	+2.3%	4,047
Tax expense/(credit)	40	(730)	N/A	5,947
Net profit after tax	4,324	4,994	-13%	(1,900)



FY11 UNDERLYING PROFIT

UNDERLYING NPAT \$8.1M, UP 35% VERSUS IPO FORECAST

- Strong Underlying NPAT performance
- Key drivers are:
 - Higher realised gains on resales
 - Higher development margin
 - Strong operational performance
- Very strong second half performance
- Higher realised gains on resales has offsetting impact on fair value movement

NZ\$000	FY11 Actual	FY11 IPO Forecast	FY11A v FY11 IPO Forecast
Reported profit after tax	4,324	4,994	-13%
Less: fair value movement of investment property	(5,841)	(6,605)	-12%
Less: reversal of impairment of land and buildings	(278)	-	N/A
Add: realised gain on resales	7,535	6,128	+23%
Add: realised development margin	2,300	2,095	+9.8%
Add: deferred tax expense	40	(617)	N/A
Underlying NPAT	8,080	5,995	35%

Underlying NPAT represents the Directors' adjustment to net profit after tax to remove certain unrealised profit items. Underlying NPAT differs from IFRS profit after tax.



FY11 CASH FLOWS

NET OPERATING CASH FLOW \$43.7M UP 14% VERSUS IPO FORECAST

- Strong operating cash performance
- Operating cash performance driven by:
 - Sales of occupation rights
 - Operational performance
- Equity raising proceeds of \$48.795m reported net of equity raising costs

NZ\$000	FY11 Actual	FY11 IPO Forecast	FY11A v FY11 IPO Forecast	FY10
Care fees and village services	25,093	23,361	+7.4%	23,371
Interest received	192	73	+163%	109
Payments to suppliers and employees	(28,716)	(29,384)	+2.3%	(26,385)
Net receipts for residents' loans	47,115	44,283	+6.4%	36,794
Net operating cash flow	43,684	38,333	+14%	33,849
Development build cash outflow	(49,149)	(53,591)	-8.3%	(26,537)
Other investing cash flows	(2,860)	(4,906)	-42%	(2,885)
Net investing cash flow	(52,009)	(58,497)	-11%	(29,422)
Net repayment of bank loans	(31,092)	(24,934)	+25%	(15,214)
Proceeds from IPO	48,795	50,000	-2.4%	17,000
Other financing cash flows	(5,153)	(5,749)	-10%	(3,410)
Net financing cash flows	12,550	19,317	-35%	(1,624)
Net increase in cash	4,225	(847)	N/A	2,803



FY11 BALANCE SHEET

TOTAL ASSETS OF \$617M UP 15% FROM \$537M IN FY10

- Net asset growth of 34% from FY10
- Investment property valuation of \$557m
- Other assets include land and buildings (primarily care facilities)
- Embedded value of \$120m, \$81,000 per unit, as at 31 December 2011

NZ\$000	FY11 Actual	FY11 IPO Forecast	FY11A v FY11 IPO Forecast	FY10
Investment property	557,140	552,283	+0.9%	495,766
Other assets	59,754	43,378	+38%	41,460
Total assets	616,894	595,661	+3.6%	537,226
Residents' loans	278,408	274,442	+1.4%	231,801
Bank loans	69,121	75,279	-8.2%	100,213
Other liabilities	35,941	18,423	+95%	30,759
Total liabilities	383,470	367,964	+4.2%	362,773
Net assets	233,424	227,697	+2.5%	174,453
 Embedded value	 119,532			
 NTA (cents per share)	 109.3			99.8



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.



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APPENDIX

 **Summerset**



EXISTING PORTFOLIO AT 31 DEC 2011

1,486 EXISTING RETIREMENT UNITS AND 327 CARE BEDS

	Existing Portfolio– as at 31 December 2011				
	Villas	Apartments	Care Apartments	Total Retirement Units	Care Beds
Wanganui	70	18	12	100	37
Paraparaumu	92	12	10	114	40
Palmerston North	90	12	-	102	41
Havelock North	94	18	10	122	40
Trentham	92	12	20	124	41
Levin	64	12	10	86	28
Taupo	94	34	18	146	-
Napier	94	26	20	140	48
Aotea	96	51	20	167	-
Manukau	89	71	23	183	52
Hastings	78	-	-	78	-
Warkworth	46	-	-	46	-
Nelson	38	-	-	38	-
Hamilton	40	-	-	40	-
Karaka	-	-	-	-	-
Katikati	-	-	-	-	-
Dunedin	-	-	-	-	-
Total	1,077	266	143	1,486	327