

## NZX, ASX & MEDIA RELEASE

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### SUMMERSET GROWTH REMAINS STRONG

- Underlying profit for 1H14 NZ\$9.4m compared to \$10.0m in 1H13
- Net profit after tax of NZ\$15.3 million, up 42% on 1H13
- Total assets of NZ\$921 million, up 21% on 1H13
- Two new villages opened in Karaka and Hobsonville
- 195 sales of occupation rights, up 3% on 1H13
- 136 new retirement units delivered, up 33% on 1H13, and a first half record
- Interim dividend of NZ 1.4 cents per share announced

Summerset Group Holdings Limited has announced its interim 2014 results, which show the retirement village operator progressing well with openings of new villages and care facilities around the country.

CEO Julian Cook said, “The business is trading well and we are investing in three new village openings this year. Karaka and Hobsonville have just opened and we are on track to open our New Plymouth village later in 2014. We are seeing good demand for homes in these villages, and they will all contribute to settlements over the second half of 2014 as residents move in.”

The company’s net profit after tax for 1H14 was NZ\$15.3 million, an increase of 42% in 1H13.

Total assets increased over the last 12 months by NZ\$157m, and are 21% higher than 1H13. Over the last three years the total assets of the company have grown by 69%.

Underlying profit for the first half of 2014 was NZ\$9.4 million. This includes costs related to new village starts and the start-up phase of new care facilities. In the last 12 months Summerset has opened new villages in Hobsonville and Karaka, and has opened care facilities in Nelson, Dunedin and Hamilton. Summerset’s New Plymouth village will be opening in the second half of this year.

The Board has declared an interim dividend of 1.4 cents per share, amounting to a total of NZ\$3.0 million. The Board announced in February that Summerset will now pay both an interim and a final dividend. There is no change to the dividend policy whereby the total annual dividend will be between 30-50% of underlying profit in that year.

The dividend reinvestment plan will apply to this dividend with a discount of 2% applicable to those shareholders participating in the plan.

Resales of occupation rights were strong with a 23% increase on the first half of 2013 despite similar stock levels. While new sales were 9% lower than the same period of 2013, this is due to

the timing of retirement unit deliveries. Mr Cook said, “We have just opened two villages in Auckland, and together with the opening of New Plymouth and the extension to our Trentham village in the second half of the year we expect strong settlements of homes over the remainder of 2014.”

Both Karaka and Hobsonville villages have seen stages of construction released early to cope with the high demand.

The company built 136 retirement units in the first six months of 2014 across six sites, including the two new Auckland sites.

Retirement units were also delivered at existing villages in Nelson, Dunedin, Katikati and Warkworth.

Mr Cook said, “Having delivered 136 retirement units in the first half of this year, we are in good stead to achieve our target of delivering 250 retirement units this year. We are on track to achieve a build of 300 retirement units per annum from next year.”

As well as faster delivery of retirement units as Summerset heads towards its goal of 300 retirement units per annum from 2015, Mr Cook said the company is also seeing increased development margins at developing villages. “We have now internalised the management of construction on all of our sites, and we are seeing the results of this coming through in our development margins,” he said.

Construction recently began at two sites the company acquired last year. The first stage of homes to be built in New Plymouth is underway. The completed village will have around 150 homes and a village centre with a 49-bed care facility. First homes are expected to be completed by the end of this year.

Construction also recently began in Trentham, where Summerset’s existing village is to be almost doubled and new recreational facilities built, including care apartments; an innovation where residents can receive DHB-certified rest home-level care provided by Summerset, within the comfort of their care apartment.

Village centres and care facilities have opened at both Nelson and Dunedin during the first half of the year. The Dunedin village is now complete, while construction continues at Nelson. A village centre is also under construction at Summerset’s Katikati village. When completed, this village centre will include a 49-bed care facility.

## **ENDS**

*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. Underlying profit is reconciled to IFRS profit in the results presentation attached to this announcement. 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.*

### **For investor relations enquiries:**

Scott Scoullar  
Chief Financial Officer  
[scott.scoullar@summerset.co.nz](mailto:scott.scoullar@summerset.co.nz)  
04 894 7317 or 029 894 7317

### **For media enquiries:**

Kimberley Rothwell  
Communications Advisor  
[kimberley.rothwell@summerset.co.nz](mailto:kimberley.rothwell@summerset.co.nz)  
04 894 6993 or 027 601 2001

## **ABOUT SUMMERSET**

- Summerset is a leading nationwide retirement village operator with a focus on providing residents with a continuum of care. The integration of care facilities into Summerset's villages provides residents with the knowledge that care is available for them should their needs change.
- Summerset is the third largest operator, and the second largest developer of retirement villages in New Zealand, with 18 villages across the country. In addition, Summerset has five quality land sites in Casebrook, Eilerslie, Lower Hutt, New Plymouth and Wigram bringing the total number of sites to 23.
- The company is continually evaluating new sites to support the development of further villages based on demand.
- It provides a range of living options and aged-care facilities and services to more than 2,900 residents.
- Summerset was named best retirement village operator in New Zealand and Australia at the Australasian Over-50s Housing Awards in 2010, 2011 and 2012 and 2013.
- Summerset's senior management team is led by CEO Julian Cook.
- The Summerset Group has villages in Aotea, Dunedin, Hamilton, Hastings, Havelock North, Hobsonville, Karaka, Katikati, Levin, Manukau, Napier, Nelson, Palmerston North, Paraparaumu, Taupo, Trentham, Wanganui and Warkworth.