

NZX, ASX AND MEDIA RELEASE

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SUMMERSET REPORTS STRONG PROFIT GROWTH FOR FIRST HALF OF 2017

- Net profit after tax of NZ\$90.3m, up 78% from 1H16
- Underlying profit for 1H17 NZ\$35.7m, up 45% on 1H16
- Total assets of NZ\$1.9b, up 27% on 1H16
- 323 total sales of occupation rights, up 6% on 1H16
- 171 new retirement homes delivered
- Interim dividend of NZ 3.9 cents per share
- Record development margin of 28%

Retirement village operator Summerset Group Holdings Limited has announced net profit after tax for the first half of 2017 of NZ\$90.3 million, an increase of 78% from the first half of 2016.

Summerset's underlying profit, which excludes unrealised valuation gains in the fair value of investment property, was NZ\$35.7 million for the half year to 30 June 2017, up 45% on the same period last year.

Summerset CEO Julian Cook said the company experienced a strong six month period, with good sales levels and a record development margin of 28%. "This is particularly pleasing. We have previously signalled we are seeing cost pressure in the Auckland construction market and despite this we have delivered our strongest development margin for any six month period ever. This has been driven by our in-house construction model and strong demand for our homes."

The total value of assets for the group grew to NZ\$1.9 billion at 30 June 2017, up from \$1.5 billion on the year before.

New sales and resales of occupation rights were 6% higher than the first half of 2016, with 171 homes delivered. Mr Cook said the company's development pipeline was weighted towards the second half of the year. "We are on track to build approximately 450 retirement units across our villages in 2017 and expect new sales levels over each half of the year to reflect this."

Summerset's total current land bank represents approximately 2,670 retirement homes and 412 care beds, inclusive of recently purchased land in Avonhead, Christchurch. This is a total of around six years' supply at Summerset's current build rate.

"Investment in our existing villages continues with the refurbishment of the recreation area at our Paraparaumu village, extension of the main building and a new café at Levin, as well as the construction of a new village centre at Trentham, due for completion in December. We are particularly proud of our innovative new one bedroom secure memory care apartments at our Levin village for people living with dementia. These are a first in New Zealand and have proven

to be extremely popular. We are committed to building safe, one bedroom homes for people living with dementia in all our future villages.”

Last month we celebrated the opening of the main building of Summerset’s newest Auckland village, Summerset at Heritage Park in Ellerslie, and were joined by the Prime Minister, the Right Honourable Bill English. “We are very pleased to open the Ellerslie village main building. This will be our flagship village for the group when complete,” said Mr Cook.

In March a syndicated loan facility refinancing was completed. Summerset also issued a \$100 million, six year fixed interest rate retail bond in early July, the first for Summerset and the first for the New Zealand retirement village and aged care sector. The bond provides diversification of funding sources and increases the tenor of funding for Summerset.

Total debt facilities are now \$600 million (inclusive of the retail bond), an increase on the \$450 million in place at the beginning of the period. This allows Summerset to continue funding growth initiatives across both existing and future retirement villages, said Mr Cook.

Moving in to the second half of the year, presales of the first homes at Summerset’s second Christchurch village in Casebrook will commence in September. Additional homes will become available at the company’s Warkworth and Wigram villages, while earthworks have also begun at the Rototuna village site in Hamilton. A resource consent application for the proposed St Johns village has been lodged with Auckland Council, and planning is underway to lodge a resource consent for the Boulcott, Lower Hutt village later this year.

The board has declared an interim dividend of NZ 3.9 cents per share. This will be paid on 11 September.

ENDS

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ABOUT SUMMERSET

- Summerset is one of the leading operators and developers of retirement villages in New Zealand, with 22 villages completed or in development across the country. In addition, Summerset has six sites for development in Avonhead (Christchurch), Richmond (Nelson), Rototuna (Hamilton), Lower Hutt (Wellington), St Johns (Auckland) and Parnell (Auckland), bringing the total number of sites to 28.
- It provides a range of living options and care services to more than 4,400 residents.
- Four-time winner of Retirement Village of the Year and Silver Award winner in the Reader’s Digest Quality Service Awards 2016.
- The Summerset Group has villages in Aotea, Casebrook, Dunedin, Ellerslie, Hamilton, Hastings, Havelock North, Hobsonville, Karaka, Katikati, Levin, Manukau, Napier, Nelson, New Plymouth, Palmerston North, Paraparaumu, Taupo, Trentham, Wanganui, Warkworth and Wigram.