



Summerset Group Holdings Limited
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14 AUGUST 2018

STOCK EXCHANGE ANNOUNCEMENT

SUMMERSET GROUP HOLDINGS LIMITED (SNZ) 2018 INTERIM FINANCIAL STATEMENTS AND HALF YEAR REPORT

The following are attached in relation to Summerset's 2018 interim results and half year report:

- Media release;
- Results presentation;
- Half year report (including interim financial statements for the six months ended 30 June 2018 and Ernst & Young's review report);
- NZX Appendix 1;
- NZX Appendix 7 (as required by NZX Listing Rule 7.12.2) detailing the interim dividend of NZ 6.0 cents per ordinary share to be paid on 10 September 2018 to those shareholders on the company's share register as at 5pm on 28 August 2018. The ASX Online Appendix 3A.1 is provided as a separate announcement.

For the purposes of ASX Listing Rule 1.15.3, Summerset confirms that it continues to comply with the NZX Main Board Listing Rules.

ENDS

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NZX & ASX RELEASE

14 AUGUST 2018

SUMMERSET REPORTS UNDERLYING PROFIT GROWTH OF 27% FOR 1H18

- Net profit after tax of NZ\$82.0 million, down 9% on 1H17
- Underlying profit for 1H18 of NZ\$45.2 million, up 27% on 1H17
- Total assets of NZ\$2.4 billion, up 25% on 1H17
- 299 total sales of occupation rights, down 7% on 1H17
- 165 new retirement units delivered, on track for delivery of 450 for FY18
- Interim dividend of NZ 6.0 cents per share
- Development margin of 33%, up from 28% in 1H17

Retirement village operator Summerset Group Holdings Limited has announced an underlying profit of \$45.2m, an increase of 27%, in line with the profit guidance provided in early July.

Summerset CEO Julian Cook said the underlying profit result was driven primarily by strong margins on both new and resales settled during the period.

“We are pleased with our underlying profit result, which reflects strong development and resales margins in the period. While sales volumes were lower than the same period of 2017, we are seeing good levels of contracts on homes – both on resales and homes to be completed before the end of 2018 – many of which will settle in the second half of the year.”

Summerset’s net profit for the first half of 2018, which includes unrealised valuation gains in the fair value of investment property, is \$82.0m, down 9% on the same period last year.

“IFRS profit includes fair value movement on investment property of \$78.3m relative to \$87.1m in the first half of 2017. The lower fair value movement versus the corresponding period in 2017 reflects lower levels of retirement unit price increases across our portfolio in response to the flattening property market being seen in some areas of the country,” said Mr Cook.

In the first six months of 2018 Summerset reported a record development margin of 33%, up from 28% for the same period last year. Mr Cook noted that “the development margin result is pleasing but reflects the particular mix of retirement units settled in this period and our long run expectations for development margin are less than this.”

The total value of assets for the Group grew to NZ\$2.4b at 30 June 2018, up 25% on the same period last year.

Assets include Summerset’s recent purchase of 9.4 hectares of land in Te Awa, Napier. The proposed village will be Summerset’s fourth in Hawke’s Bay and will provide around 320 homes. The company has also bought 8.1 hectares near Ngamotu Golf Course in New Plymouth, with

plans to build a retirement village offering around 300 homes. This will be Summerset's second New Plymouth village.

"We delivered 165 new homes this half year and we are on target to meet our build rate of 450 homes for the year. This is despite continuing pressure from the Auckland construction market. Our key construction activity in Auckland is to complete our Hobsonville village, main apartment buildings at Ellerslie, and new villa builds at Karaka and Warkworth," said Mr Cook.

Residents have also moved into the first homes at Summerset's Casebrook (Christchurch) and Rototuna (Hamilton) villages over the first half of 2018.

Summerset recently received resource consent for its proposed Avonhead village in Christchurch, and is awaiting the outcome of consent applications for proposed villages in Boulcott (Lower Hutt) and Kenepuru (Wellington). Resource consent for our proposed village in St Johns (Auckland) has recently been declined.

"We are currently working through this decision but remain confident we will be able to progress a successful village on this site.

"There is strong demand for all of these villages and we are keen to progress them as soon as possible", Mr Cook said.

In May, Summerset announced additional staff benefits including a day of leave for staff birthdays, travel voucher prizes each quarter and paid sick leave from the first day of employment. These complement the staff benefits announced in 2017.

"Pleasingly we've seen the staff attrition rate at our villages drop by 8% in the last 12 months, and the company-wide attrition rate has reduced almost 7% over the same period. We believe this is a result of both the investment we are making in our staff and the Government's equal pay settlement," said Mr Cook.

"However we are seeing the shortages in care staff increase due to the changes introduced to immigration last year by the previous Government. We believe it is important the current Government recognises the importance of immigration alongside local training and development to ensure there are sufficient qualified and competent people in the aged care sector."

Summerset continues to investigate the feasibility of an Australian expansion. It has opened an office in Melbourne with a dedicated team who are working through the appropriate diligence process. The company noted that good progress was being made and further updates will be made when appropriate.

The board has declared an unimputed interim dividend of NZ 6.0 cents per share. The record date will be Tuesday 28 August 2018 and payment date Monday 10 September 2018.

ENDS

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ABOUT SUMMERSET

- Summerset is one of the leading operators and developers of retirement villages in New Zealand, with 23 villages completed or in development across the country. In addition, Summerset has eight sites for development in Parnell (Auckland), St Johns (Auckland), Avonhead (Christchurch), Te Awa (Napier), Pohutukawa Place (New Plymouth), Richmond (Tasman), Kenepuru (Wellington) and Lower Hutt (Wellington), bringing the total number of sites to 31.
- It provides a range of living options and care services to more than 5,000 residents.
- Four-time winner of Retirement Village of the Year and Silver Award winner in the Reader's Digest Quality Service Awards 2017.
- 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, Rototuna, Taupo, Trentham, Wanganui, Warkworth and Wigram.

Half year results presentation

Six months ended 30 June 2018

Summerset Group Holdings Limited

14 August 2018



Agenda

1 1H18 result highlights

2 Business overview

3 Financial results

4 Interim dividend

5 Appendix

1H18 result highlights

1H18 result highlights

Underlying profit up 27%, driven by strong margins

		1H18	1H17	Variance	FY17
Financial (NZ\$m)	Net profit after tax (IFRS)	82.0	90.3	-9%	223.4
	Underlying profit*	45.2	35.7	27%	81.7
	Total assets	2,420	1,932	25%	2,216
	Net operating cash flow	92.8	86.4	7%	207.7
Operational	New sales of occupation rights	145	179	-19%	382
	Resales of occupation rights	154	144	7%	300
	Total sales of occupation rights	299	323	-7%	682
	New retirement units delivered	165	171	-4%	450

* Underlying profit differs from NZ IFRS reported profit after tax. The measure has been reviewed by Ernst & Young. Refer to the appendix for a reconciliation between the two measures, and note 2 of the financial statements for detail on the components of underlying profit

1H18 result highlights

165 retirement units delivered, on track for delivery of 450 retirement units in FY18

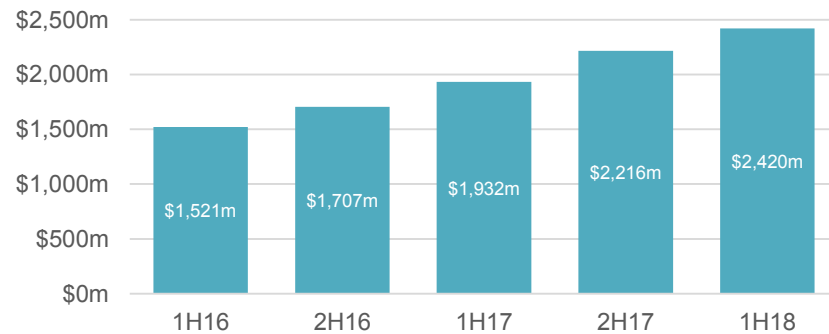
- 1H18 underlying profit of \$45.2m, up 27% on 1H17, relative to guidance of \$43.0m to \$45.0m
- Delivery of 165 retirement units in 1H18, on track for delivery of 450 retirement units in FY18
- Record development margin of 33.0%, up from 28.0% in 1H17
- Resale gain of 23.3%, up from 20.2% in 1H17
- Interim dividend of 6.0 cents per share declared, amounting to \$13.5m
- Net operating business cash flow up 35%
- Gearing ratio of 30.3%, down from 32.5% at 1H17
- Total assets now over \$2.4b, up 25% on 1H17



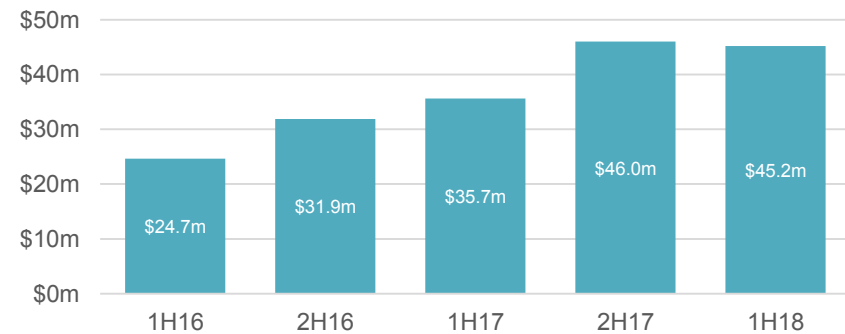
1H18 result highlights

Record first half underlying profit result

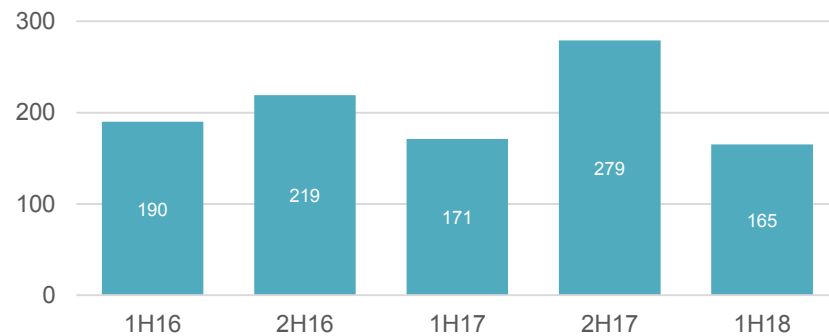
Total assets



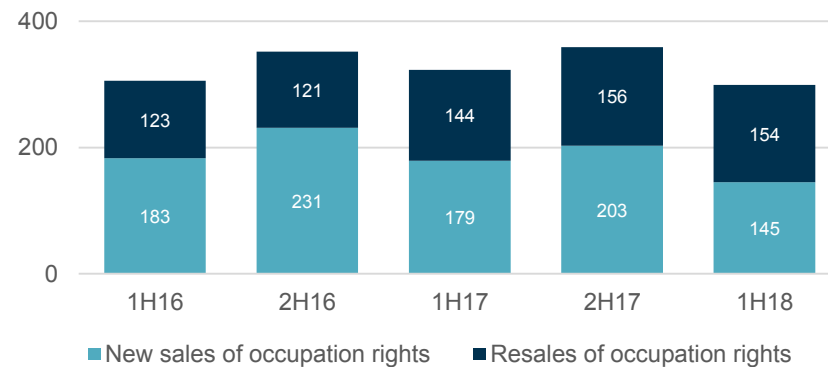
Underlying profit



Retirement unit delivery



Occupation right sales



Business overview

Summerset snapshot

Second largest retirement village developer in New Zealand

- 21 years of consistent delivery and growth
- Balance sheet growth of 292% since listing on the NZX in 2011
- 3,443 retirement units (villas, apartments, serviced apartments and memory care apartments) and 858 care beds
- More than 5,000 residents
- 23 operating villages completed or under development
- Eight greenfield sites at Avonhead, Kenepuru, Lower Hutt, Parnell, Richmond, St Johns, Te Awa, and our newly announced acquisition in New Plymouth
- Land bank of 3,041 retirement units as at 30 June 2018*
- Four-time winner of Best Retirement Village Operator at the Australasian Over 50s Housing Awards
- Received a Highly Commended in the Reader's Digest Trusted Brands Survey three years running, from 2015-2017



* Excludes acquisition of new land in New Plymouth post balance date. This adds a further ~300 retirement units

1H18 review

165 retirement units delivered, underlying profit of \$45.2m

- Opened our Casebrook and Rototuna villages
- Granted resource consent for our Avonhead village
- Special housing area status granted and land earthworks consented for Richmond village
- Announced new land acquisitions in Te Awa (Napier) and New Plymouth
- Delivered 165 retirement units and on track to meet our build rate target of 450 retirement units in FY18
- Continued to progress with the planning and design of our two new Auckland sites in Parnell and St Johns
- Applied to Hutt City Council for a land use resource consent to develop our Boulcott village, and have applied for earthworks and land use resource consent to develop our Kenepuru village
- Continued our investigation into possible Australian expansion. We have established an office in Melbourne with a dedicated team focused on working through the appropriate diligence required before we make a decision on whether we enter this market



Underlying profit differs from NZ IFRS reported profit after tax. The measure has been reviewed by Ernst & Young. Refer to the appendix for a reconciliation between the two measures, and note 2 of the financial statements for detail on the components of underlying profit

Summerset strategy

Summerset builds, owns and operates retirement villages across New Zealand

- Focus on continuum of care model
- High quality care and facilities across all villages
- Villages designed to integrate into local communities
- Internal development and construction model
- Nationwide brand offering
- Customer centric philosophy – bringing the best of life
- Investigation of expansion into Australia continuing



Operations and staff

Focus on staff initiatives and systems and process improvements

- 97% care customer satisfaction rating and 97% village customer satisfaction rating
- Successfully completed the rollout of VCare customer management system for village operations and rollout of clinical care functionality underway and due to be completed this year
- Introduced a new payroll system across head office and construction staff. Will implement across remainder of business in the second half of the year
- Introduced additional staff benefits including staff hardship assistance, staff charity fundraising assistance for good causes, and the day off on staff birthday
- Provision of new uniforms to all village staff in 2H18. Throughout the first half of this year we have been conducting wearer trials
- Working towards Certified Emissions Measurement and Reduction Scheme certification – will allow us to manage and reduce our impact on the environment





1H18 development activity

Delivery of 165 retirement units in 1H18 across seven sites

Unit delivery 1H18	Villas	Serviced apartments	Total retirement units	Total care beds
Casebrook	31	-	31	-
Hobsonville	-	18	18	52
Karaka	32	-	32	-
Katikati	22	-	22	-
Rototuna	14	-	14	-
Warkworth	16	-	16	-
Wigram	32	-	32	-
Total	147	18	165	52

- 165 retirement units and 52 care beds delivered across seven villages
- Completed the serviced apartment and care centre module in Hobsonville
- First deliveries in Casebrook and Rototuna villages
- On track to complete Karaka, Katikati, and Wigram villages by year end
- We will lift our build rate up to 600 retirement units per annum over the next two to three years. The 600 retirement units per annum is an average with potential for uneven deliveries across financial periods due to timing of main building and apartment block deliveries

1H18 development activity

Delivery of 165 retirement units in 1H18 across seven sites



1H18 development activity

Delivery of 165 retirement units in 1H18 across seven sites



Future development

Land bank of 3,041 retirement units and 368 care beds

Land bank - as at 30 June 2018*					
Village	Villas	Apartments	Serviced & memory care apartments	Total retirement units	Total care beds
Ellerslie	8	196	-	204	-
Hobsonville	10	36	23	69	-
Karaka	39	-	-	39	-
Parnell	-	264	76	340	48
St Johns	-	236	76	312	32
Warkworth	38	-	-	38	-
Auckland	95	732	175	1,002	80
Rototuna	174	-	76	250	43
Waikato	174	-	76	250	43
Katikati	16	-	-	16	-
Bay of Plenty	16	-	-	16	-
Te Awa	252	-	76	328	43
Hawke's Bay	252	-	76	328	43
Kenepuru	100	93	106	299	43
Lower Hutt	42	109	66	217	30
Trentham	-	-	20	20	-
Wellington	142	202	192	536	73
Richmond	234	-	76	310	43
Nelson-Tasman	234	-	76	310	43
Avonhead	156	12	98	266	43
Casebrook	229	12	76	317	43
Wigram	16	-	-	16	-
Christchurch	401	24	174	599	86
Total	1,314	958	769	3,041	368

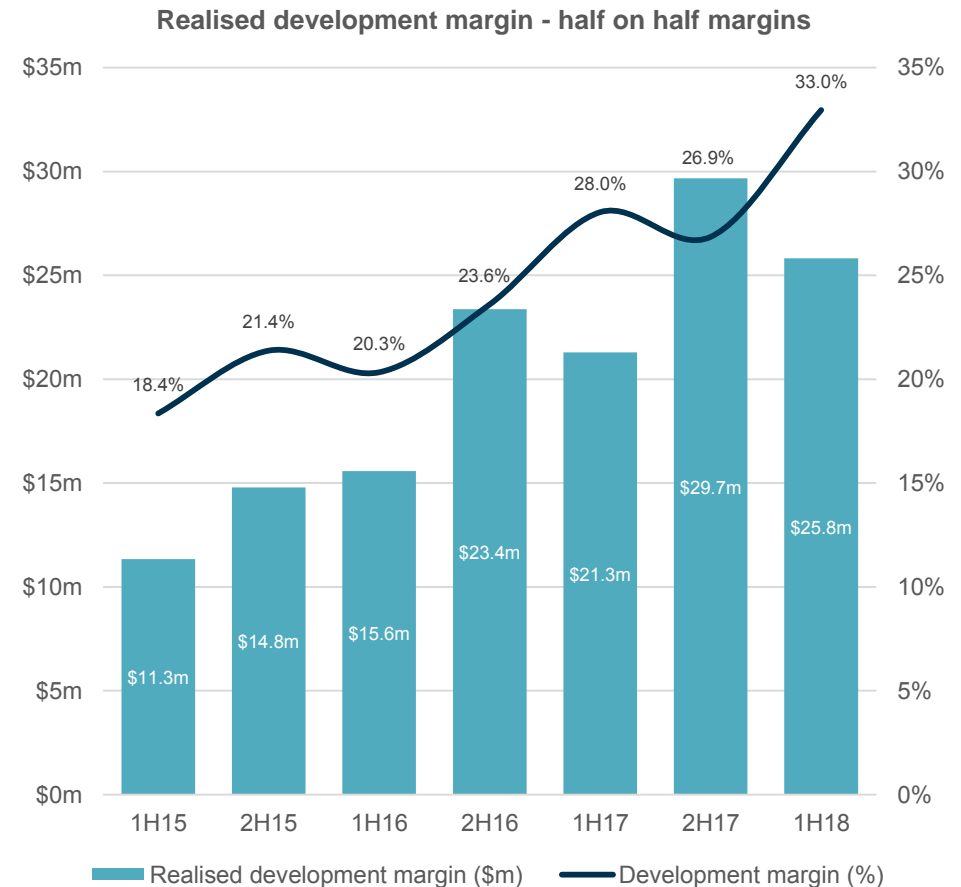
- Land bank of 3,041 retirement units spread across brownfield and greenfield sites
- Targeting delivery of around 450 retirement units in FY18. Land bank provides around seven years of supply at FY18 build rate

* Land bank reflects current intentions as at June 2018. Excludes acquisition of new land in New Plymouth post balance date. This adds a further ~300 retirement units and ~40 care beds

Development margin

Record development margin of 33.0% with a realised margin of \$25.8m

- Record development margin achieved in 1H18 with strong margins across all villages that settled new retirement units
- Consistent margins across both regional and Auckland villages
- Realised development margin of \$25.8m, up 21% from \$21.3m in 1H17
- Development margin of 33.0% in 1H18, this is up from 28.0% in 1H17
- Sales of new occupation rights were split 37% in our Auckland region villages and 63% across the rest of our developing villages
- Over the medium to long term we expect margins at levels more consistent with the last few years' performance

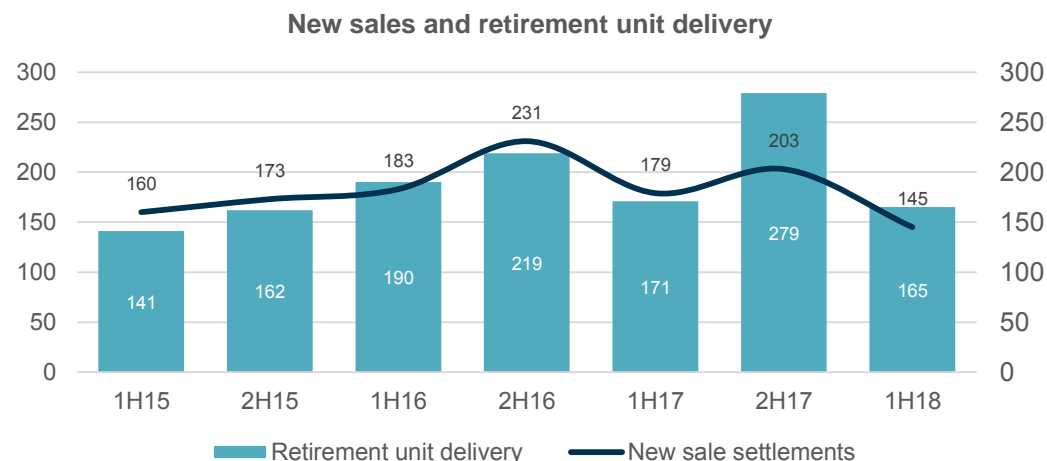


New sales of occupation rights

New sales gross proceeds of \$78.3m across 145 settlements

- New sales of occupation rights of 145 in 1H18, down from 179 in 1H17
- Despite a lower number of new sales, gross proceeds were up from \$75.9m in 1H17 to \$78.3m in 1H18
- Average gross proceeds per new sale settlement of \$540k, up from \$424k in 1H17
- We continue to see strong demand for our product with waitlist numbers across our villages up 22% over the past year
- Average monthly presale contracts were 45% higher than what we were achieving in 2H17, and days to settle have remained around three months
- Serviced and memory care apartments made up 28% of the new sales of occupation rights in 1H18

New sales	1H18	1H17	Variance	FY17
Gross proceeds (\$m)	78.3	75.9	3%	186.4
Villas	97	115	-16%	235
Apartments	7	1	600%	29
Serviced apartments	40	60	-33%	111
Memory care apartments	1	3	-67%	7
Total occupation rights	145	179	-19%	382



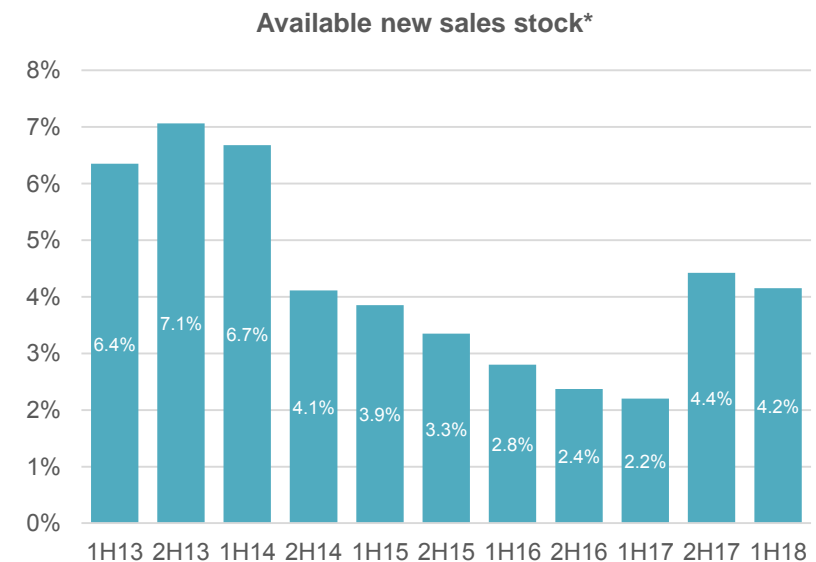
New sales stock

New sales stock remains historically low on a relative basis

- Uncontracted new sales stock of 143 retirement units at 1H18, down from 145 retirement units at FY17. Contract levels strong with 81 retirement units contracted at 30 June 2018 and likely to settle in the near future
- Serviced and memory care apartments are selling down steadily with uncontracted stock reducing from 90 at FY17 to 74 at 1H18. Uncontracted villa and apartment stock of 69 at 1H18, up from 55 at FY17. The uncontracted villa and apartment new sales stock has been available to settle for around four months. Stock levels provide good momentum moving into the second half of the year
- Low levels of new sales stock continue with uncontracted new sales stock making up 4.2% of our total retirement unit portfolio, this compares to over 6% four years ago and 4.4% at FY17

New sales stock	1H18	FY17	1H17
Contracted	81	59	62
Uncontracted	143	145	66
Total new sales stock	224	204	128
Contracted	55	26	36
Uncontracted	62	41	14
Villas	117	67	50
Contracted	5	5	0
Uncontracted	7	14	0
Apartments	12	19	0
Contracted	21	28	26
Uncontracted	74	90	52
Serviced & memory care apartments	95	118	78

* Uncontracted new sales stock as a proportion of the total retirement unit portfolio at balance date



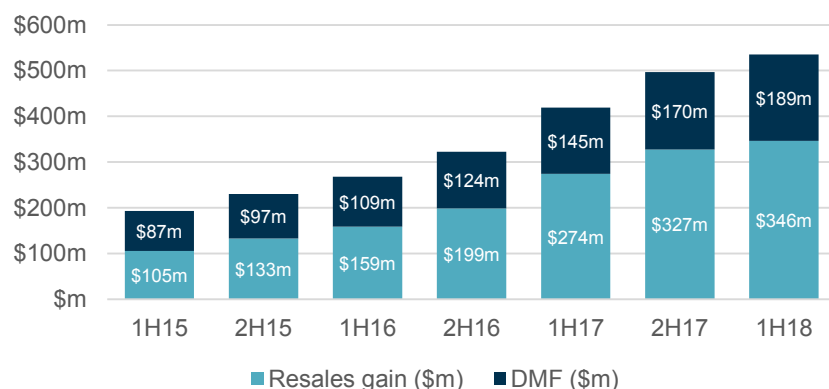
Resales of occupation rights

Resales of 154 occupation rights in 1H18

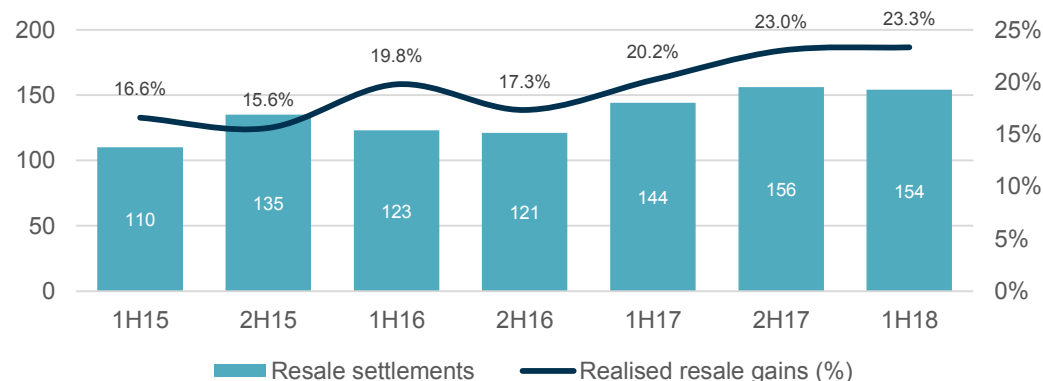
- Resales of 154 occupation rights in 1H18, an increase of 7% on 1H17
- Gross proceeds of \$64.0m, up 20% on 1H17
- Realised resale gain of 23.3%, up 15% on 1H17
- Embedded value of \$156k per retirement unit, as at 30 June 2018, up from \$140k as at 30 June 2017
- Embedded resale gain of \$101k per retirement unit, up from \$91k as at 30 June 2017

Resales	1H18	1H17	Variance	FY17
Gross proceeds (\$m)	64.0	53.4	20%	114.9
Realised resale gains (\$m)	14.9	10.8	38%	24.9
Realised resale gains (%)	23.3%	20.2%	15%	21.7%
DMF realisation (\$m)	7.7	6.2	24%	13.8
Villas	86	82	5%	172
Apartments	22	25	-12%	46
Serviced apartments	45	37	22%	82
Memory care apartments	1	0	N/A	0
Total occupation rights	154	144	7%	300

Embedded value



Realised resale gain and volume



Resales stock

Resales stock levels continue to sit at record lows

- Resales stock remains low with 56 retirement units under contract and 47 retirement units uncontracted at 1H18
- We continue to see good demand for resale units across all villages. On average only ~2 uncontracted retirement units per village
- As a proportion of our total retirement unit stock, uncontracted resales stock makes up 1.4%

Resales stock	1H18	FY17	1H17
Contracted	56	63	53
Uncontracted	47	47	35
Total resales stock	103	110	88
Contracted	28	37	30
Uncontracted	25	24	18
Villas	53	61	48
Contracted	8	9	3
Uncontracted	2	5	8
Apartments	10	14	11
Contracted	20	17	20
Uncontracted	20	18	9
Serviced & memory care apartments	40	35	29



* Uncontracted resales stock as a proportion of the total retirement unit portfolio at balance date

Financial results

1H18 reported profit (IFRS)

1H18 net profit after tax of \$82.0m with total revenue up 29%

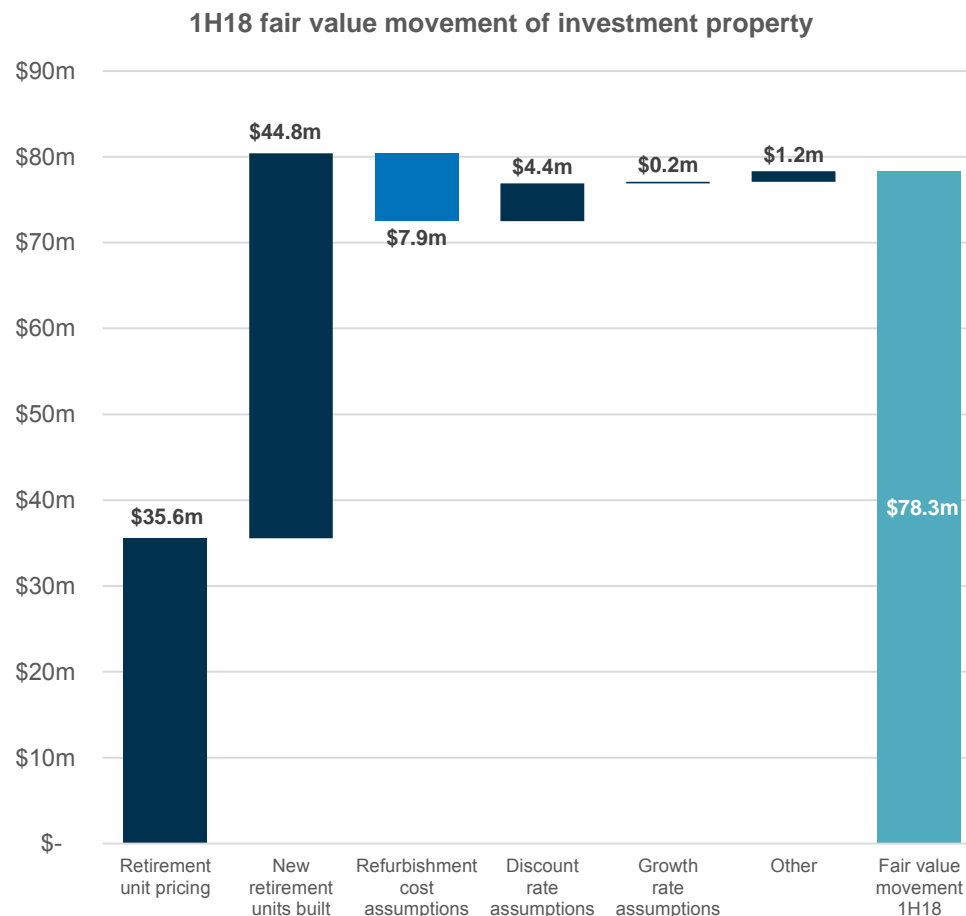
- IFRS NPAT of \$82.0m, down \$8.3m or 9% relative to 1H17
- Lower IFRS profit result for the half due to a lower fair value movement in investment property – refer to next slide for further details
- Total revenue of \$65.7m, up \$15.0m or 29% relative to 1H17
- 1H18 expenses are driven from a mix of growth in new and developing villages, additional operating costs in existing villages (including the impact of pay equity and the introduction of our premium food offering to residents), and project-specific costs
- Net finance costs of \$5.4m are down 2% relative to 1H17 principally due to costs associated with the re-financing of banking facilities recognised in 1H17

NZ\$m	1H18	1H17	Variance	FY17
Total revenue	65.7	50.7	29%	110.5
Reversal of impairment on land & buildings	-	-	-	0.0
Fair value movement of investment property	78.3	87.1	-10%	218.0
Total income	144.0	137.8	4%	328.5
Total expenses	55.8	41.7	34%	93.2
Net finance costs	5.4	5.5	-2%	11.5
Net profit before tax	82.8	90.7	-9%	223.7
Tax expense / (credit)	0.8	0.4	104%	0.3
Net profit after tax	82.0	90.3	-9%	223.4

Fair value movement

\$78.3m fair value movement of investment property

- Fair value movement of \$78.3m for 1H18, down 10% on 1H17
- Fair value movement has been driven by:
 - Retirement unit pricing (\$35.6m): retirement unit price inflation on existing retirement units within the portfolio resulting in uplift in operators interest
 - New retirement units built (\$44.8m): value of new retirement units delivered in 1H18
 - Refurbishment cost assumptions (\$7.9m): uplift in refurbishment cost assumption used by valuer
 - Discount rates (\$4.4m) and growth rates (\$0.2m): change in assumptions used by valuer
 - Other movements (\$1.2m): changes in all other valuation assumptions
- Refer to the appendices (slide 42) for key assumptions associated with the investment property valuation



1H18 underlying profit

Underlying profit up 27% on 1H17, 41% CAGR over last seven years

- 1H18 underlying profit of \$45.2m, up 27% on 1H17, relative to guidance of \$43.0m to \$45.0m
- Uplift in underlying profit principally driven by the maturing nature of our operating business
- Realised development margin of \$25.8m achieved in 1H18, up from \$21.3m in 1H17 driven by a record high development margin of 33.0%
- Realised gain on resales of \$14.9m achieved in 1H18 driven by a higher sales volume and strong sales price growth across our villages
- Underlying profit has seen an annual compounded increase of 41% since listing on the NZX in 2011

NZ\$m	1H18	1H17	Variance	FY17
Care fees and village services	43.3	34.1	27%	74.5
Deferred management fees	22.3	16.5	35%	35.8
Realised gain on resales	14.9	10.8	38%	24.9
Realised development margin	25.8	21.3	21%	51.0
Other income & interest received	0.1	0.0	28%	0.2
Total income	106.4	82.8	29%	186.4
Operating expenses	52.9	39.6	34%	88.6
Depreciation and amortisation	2.9	2.1	40%	4.6
Net finance costs	5.4	5.5	-2%	11.5
Total expenses	61.2	47.1	30%	104.7
Underlying profit	45.2	35.7	27%	81.7

Underlying profit differs from NZ IFRS reported 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. The measure is used internally in conjunction with other measures to monitor performance and make investment decisions and has been reviewed by Ernst & Young. Underlying profit is an industry wide measure which the Group uses consistently across reporting periods. See note 2 of the financial statements for detail on the components of underlying profit

1H18 cash flows

Net operating business cash flows up 35%

- Continuing to see benefits of maturing portfolio - net operating business cash flows up 35% from \$12.7m in 1H17 to \$17.1m in 1H18
- Have seen a consistent maturing operating cash flow since listing of 23% CAGR
- Net receipts from resales was up \$8.8m on 1H17 with uplift in resale volume and margin
- Gross receipts from new sales was up on 1H17 despite lower sales volume
- Investing cash flows were down slightly on 1H17 with lower land purchase settlements within the period
- The other PP&E cash flows of \$2.4m are largely made up of minor equipment purchases for head office, village, and care centre locations

NZ\$m	1H18	1H17	Variance
Net operating business cash flow	17.1	12.7	35%
Receipts for residents' loans - new sales	75.7	73.7	3%
Net operating cash flow	92.8	86.4	7%
Purchase of land	(2.0)	(7.6)	-73%
Construction of new IP & care facilities	(89.1)	(94.6)	-6%
Refurb of existing IP & care facilities	(2.6)	(1.6)	59%
Other investing cash flows	(4.1)	(3.4)	22%
Capitalised interest paid	(4.0)	(2.5)	60%
Net investing cash flow	(101.8)	(109.7)	-7%
Net proceeds from borrowings	31.4	41.3	-24%
Net dividends paid	(9.9)	(7.6)	30%
Other financing cash flows	(5.4)	(6.1)	-12%
Net financing cash flow	16.2	27.6	-42%

1H18 balance sheet

Total assets of \$2.4b, up 25% from \$1.9b in 1H17

- Total assets of \$2.4b, up 25% on 1H17
- Retained earnings have increased from \$368.2m as at 30 June 2017 to \$558.9m as at 30 June 2018. This continues to positively impact balance sheet strength and company gearing ratios
- Investment property valuation of \$2.2b, up 24% on 1H17
- Other assets include land and buildings (primarily care centres). Care centres were valued as at 31 December 2017 (three yearly cycle), with additional care centres recorded at cost and tested for impairment
- Intangibles of \$6.7m at 1H18. Principally made up of the VCare customer management system, our new Human Resources Information System (HRIS), and our new asset management system
- Embedded value of \$535.4m, \$156k per retirement unit, as at 30 June 2018:
 - \$346.0m resale gains
 - \$189.4m deferred management fees

NZ\$m	1H18	1H17	Variance	FY17
Investment property	2,241	1,806	24%	2,058
Other assets	178.8	125.8	42%	158.2
Total assets	2,420	1,932	25%	2,216
Residents' loans	1,037	867.2	20%	966.6
Face value of bank loans & bonds*	379.3	315.3	20%	347.8
Other liabilities	162.5	122.0	33%	132.6
Total liabilities	1,579	1,305	21%	1,447
Net assets**	840.5	627.6	34%	769.3
Embedded value	535.4	418.9	28%	497.1
NTA (cents per share)	377.9	285.7	32%	347.6

* Face value of drawn bank debt and retail bonds. Excludes capitalised and amortised bond issue costs, and fair value movement on hedged borrowings

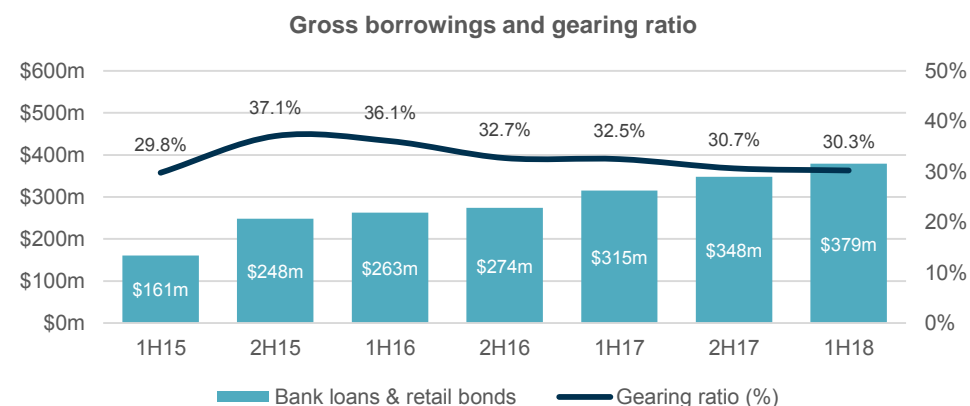
** Net assets includes share capital, reserves, and retained earnings

Gearing ratio

Gross debt of \$379m* and gearing ratio of 30.3%

- Gross debt of \$379.3m as at 30 June 2018, up \$31.4m from 31 December 2017
- Uplift in gross debt principally due to development spend in Ellerslie, Casebrook, Hobsonville, Rototuna, Karaka, and Warkworth
- Bank facility of \$500.0m with undrawn capacity of \$220.7m at 30 June 2018
- Retail bonds of \$100.0m successfully raised in FY17
- Gearing ratio of 30.3% is down from 32.5% as at 30 June 2017
- Maturing net assets are the principal driver of overall risk reduction
- Our recent land purchases in Kenepuru (Wellington), Te Awa (Napier), and New Plymouth were not fully settled as at 30 June 2018 – as such they are not fully reflected in the net debt figure

NZ\$m	1H18	1H17	Variance	FY17
Face value of bank loans & retail bonds*	379.3	315.3	20%	347.8
Cash and cash equivalents	(14.7)	(13.1)	13%	(7.6)
Net debt	364.5	302.2	21%	340.3
Net assets	840.5	627.6	34%	769.3
Gearing ratio (%)**	30.3%	32.5%	-7%	30.7%
Bank & bond LVR (%)**	31.6%	34.3%	-8%	31.4%



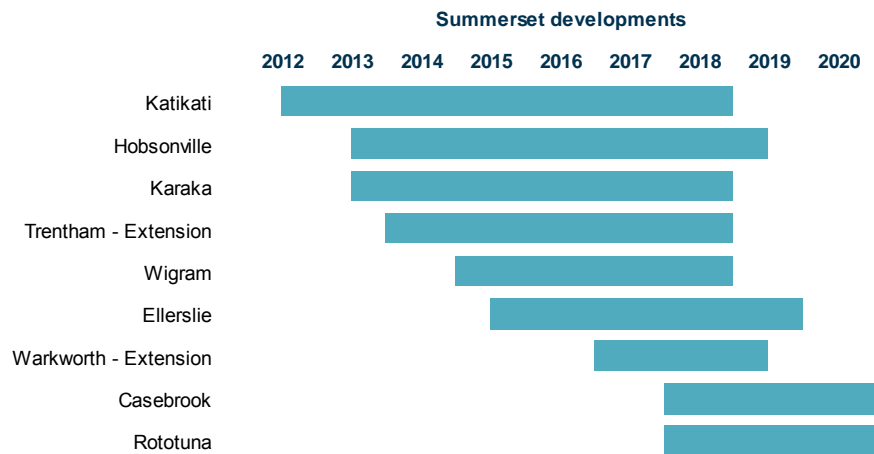
* Face value of drawn bank debt and retail bonds. Excludes capitalised and amortised bond issue costs, and fair value movement on hedged borrowings

** Gearing ratio calculation (net debt / net debt plus book equity) differs from the Summerset Group's bank and bond LVR covenant (Total Debt of the Summerset Group / Property Value of the Summerset Group)

Project cash profits

Delivering significant positive cash flow across new villages

- Positive cash flows allow us to recycle our capital into future deliveries
- Our high rise sites require a large amount of capital but are forecast to deliver significant cash profits upon sell down of the village
- Our broad acre sites require a lower amount of capital, while all producing positive cash flows
- From the time construction of a village starts through to the last retirement unit being delivered takes, on average, around four to six years



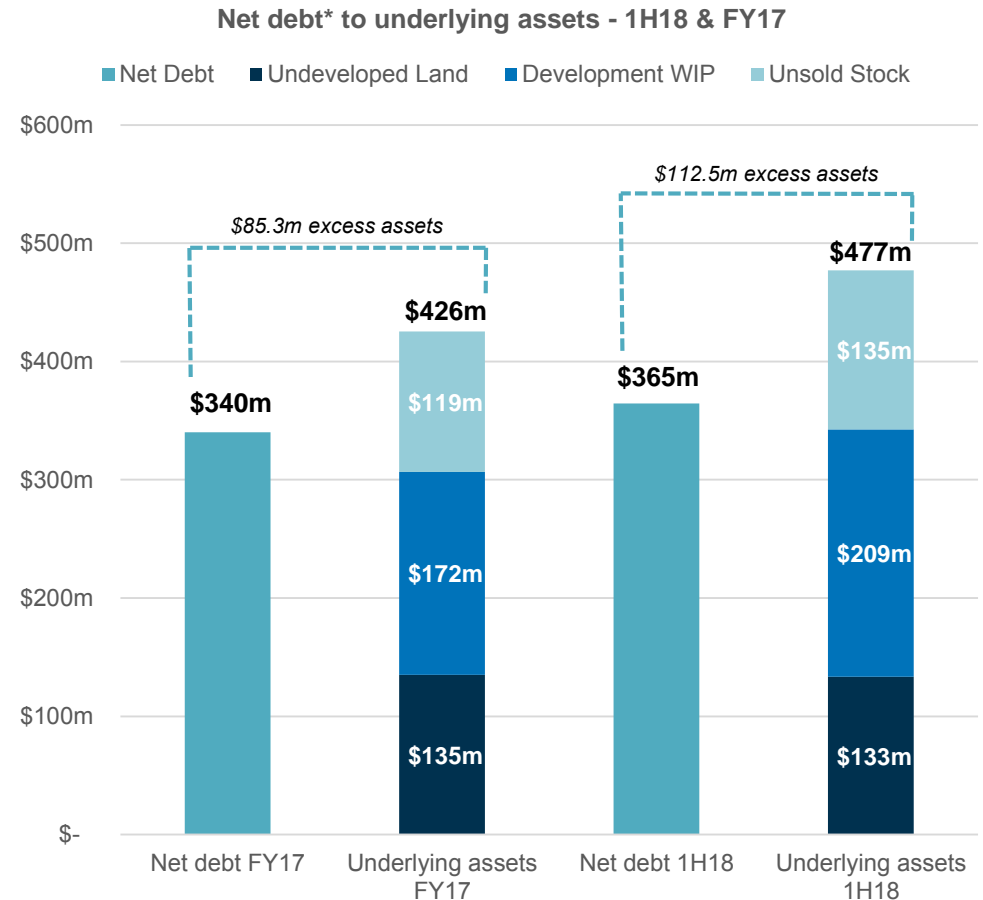
Village	Forecast Capital Investment (\$m)	Forecast Net Cash Position* (\$m)
Ellerslie	\$200m +	\$40m +
Casebrook Hobsonville Karaka Rototuna	\$100m +	\$20m +
Trentham - Extension Warkworth - Extension Wigram	\$35m +	\$5m - \$20m
Katikati		\$0m - \$5m

**Forecast net position represents cash profits post land cost, retirement unit development costs, recreation and administration facility costs, care facility costs, management fees and interest costs*

Composition of drawn debt

Strong asset backing to net debt

- Development projects are debt funded. Development assets exceed the value of net debt by \$112.5m or 30%, this has lifted from \$85.3m or 25% as at FY17
- All debt is associated with development activities
- Development assets could be realised to reduce debt
- Total underlying assets of around \$477.1m are made up of:
 - Undeveloped land of \$133.3m
 - Development WIP of \$209.2m
 - Vacant new sale stock of \$134.5m



Interim dividend

1H18 interim dividend

Summerset board declares 1H18 interim dividend

- The Summerset Board have declared an interim dividend of 6.0 cents per share, unimputed. This compares to a 2017 interim dividend of 3.9 cents per share
- This represents a pay-out for the first half of 2018 of approximately \$13.5m
- This pay-out is 30% of 1H18 underlying profit
- The dividend reinvestment plan (DRP) will apply to this dividend enabling shareholders to take shares in lieu of the cash dividend
- A discount of 2% will be applied when determining the price per share of shares issued under the DRP
- Eligible investors wishing to take up the DRP must register by 5pm NZT on Wednesday the 29th of August 2018. Any applications received on or after this time will be applied to subsequent dividends
- The interim dividend will be paid on Monday the 10th of September 2018. The record date for final determination of entitlements to the interim dividend is Tuesday the 28th of August 2018
- The dividend policy remains 30% to 50% of underlying profit for the full year period. As previously indicated, dividend payments are likely to continue to be at the bottom end of this range given the growth opportunities present for the business at this time

Questions?



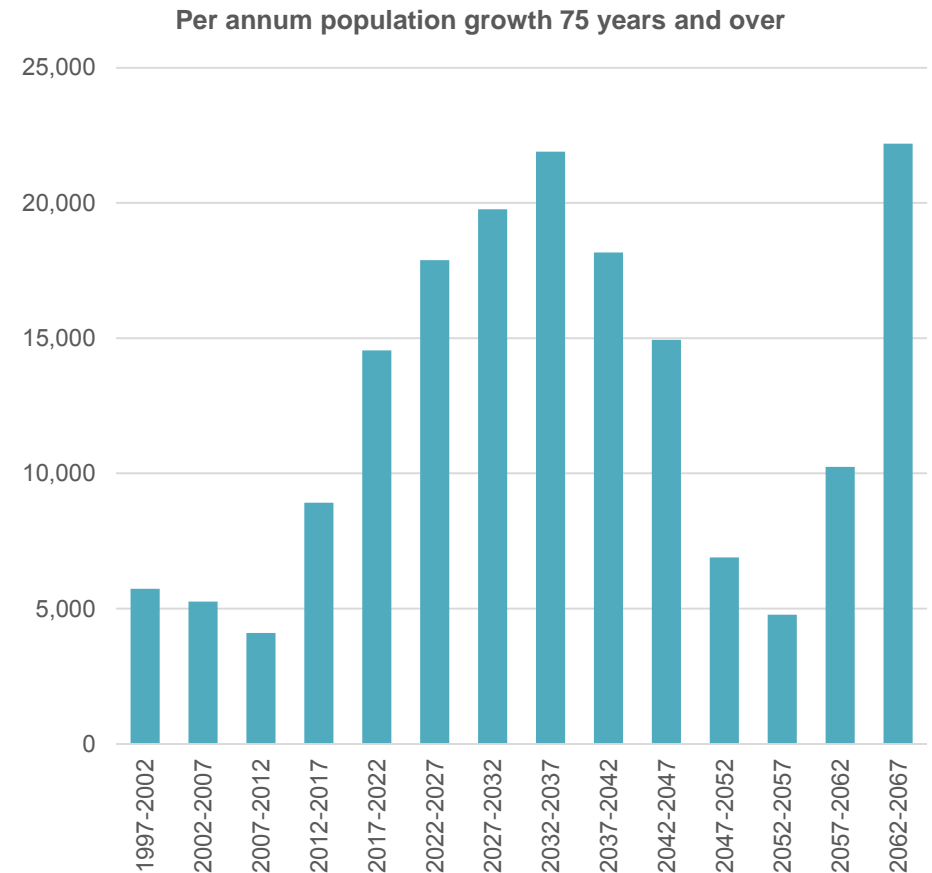
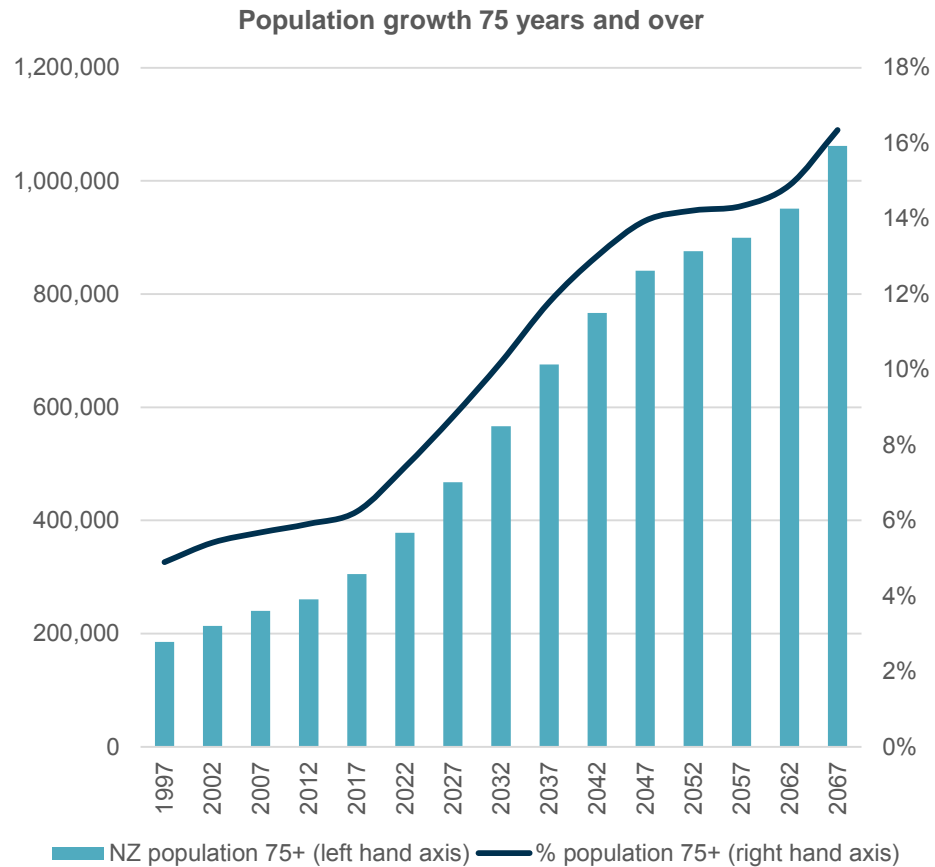
Disclaimer

- 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

Appendix

Demographics

Population over 75 years forecast to grow 245% from 2018 to 2068

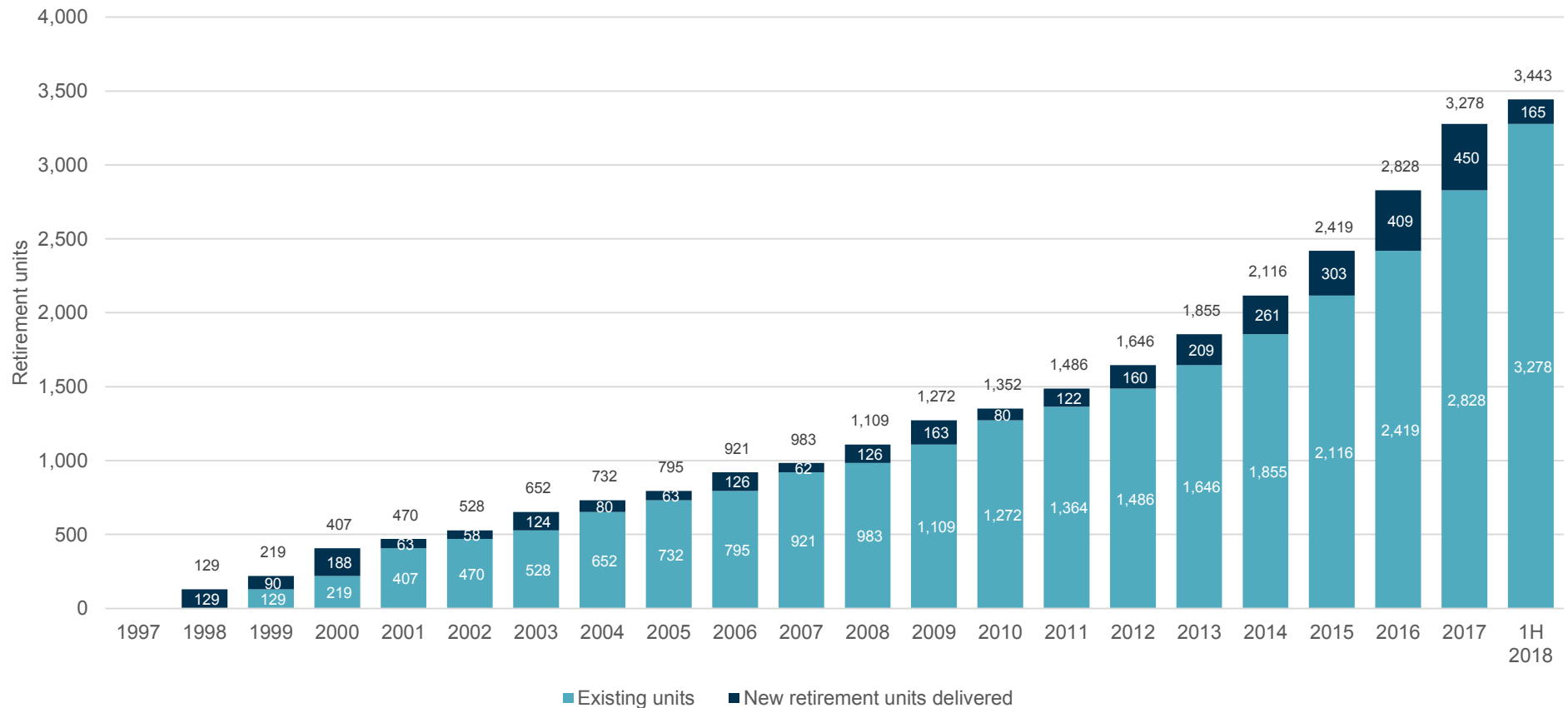


Source: Statistics New Zealand – National Population Projections

Summerset growth

21 years of consistent delivery and growth

Summerset build rate

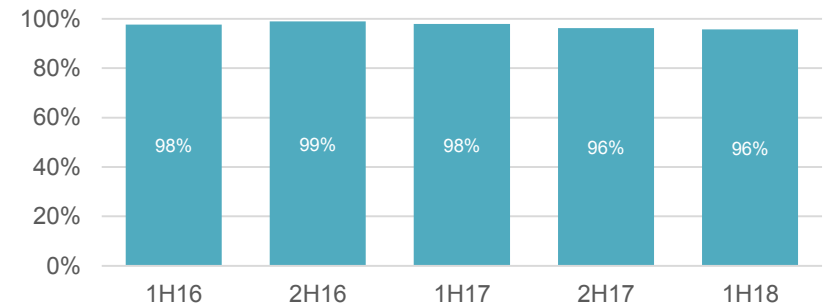


Customer profile & occupancy

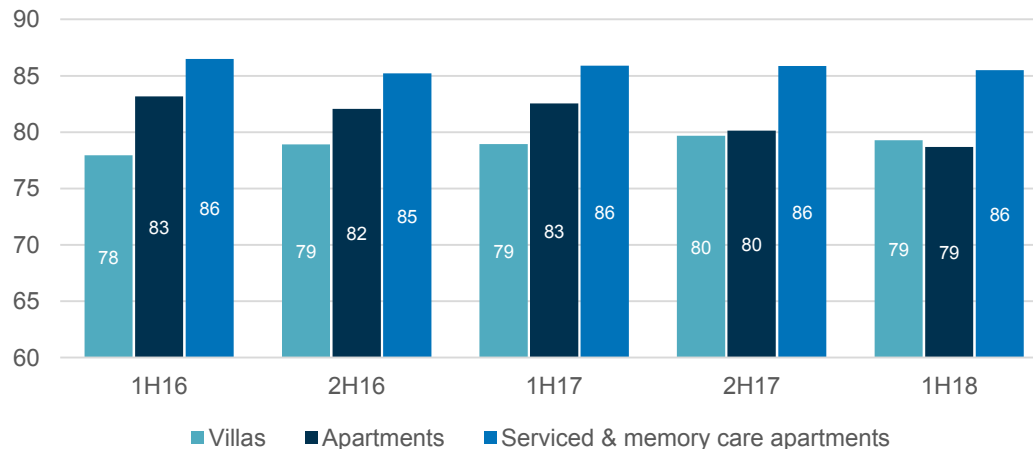
Occupancy, tenure and resident demographic statistics

- Occupancy within our established care centres is stable with an average occupancy of 96% for 1H18
- Average tenure on 1H18 resale retirement units was 4.9 years for villas, 3.3 years for independent apartments, and 2.0 years for serviced and memory care apartments
- Average entry age on 1H18 new and resale retirement units was 79 years for villas and independent apartments, and 86 years for serviced and memory care apartments

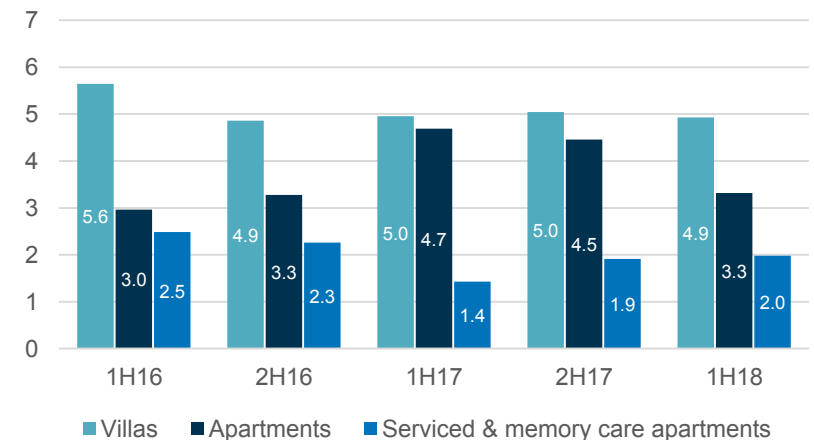
Occupancy - established care centres



Average entry age of residents (years)



Average tenure (years) on resales*



* Average tenure has been calculated using the previous resident's occupancy on resales within the reporting period

Portfolio as at 30 June 2018

3,443 retirement units and 858 care beds

Existing portfolio - as at 30 June 2018

Village	Villas	Apartments	Serviced apartments	Memory care apartments	Total retirement units	Total care beds
Ellerslie	34	23	57	-	114	58
Hobsonville	115	37	29	-	181	52
Karaka	143	-	59	-	202	50
Manukau	89	67	27	-	183	54
Warkworth	164	2	44	-	210	41
Auckland	545	129	216	-	890	255
Hamilton	183	-	50	-	233	49
Rototuna	14	-	-	-	14	-
Taupo	94	34	18	-	146	-
Waikato	291	34	68	-	393	49
Katikati	140	-	20	-	160	49
Bay of Plenty	140	-	20	-	160	49
Hastings	146	5	-	-	151	-
Havelock North	94	28	-	-	122	45
Napier	94	26	20	-	140	48
Hawke's Bay	334	59	20	-	413	93
New Plymouth	108	-	40	-	148	52
Taranaki	108	-	40	-	148	52
Levin	64	22	-	10	96	41
Palmerston North	90	12	-	-	102	44
Wanganui	70	18	12	-	100	37
Manawatu-Wanganui	224	52	12	10	298	122
Aotea	96	33	38	-	167	-
Paraparaumu	92	22	-	-	114	44
Trentham	231	12	20	-	263	44
Wellington	419	67	58	-	544	88
Nelson	214	-	55	-	269	59
Nelson-Tasman	214	-	55	-	269	59
Casebrook	31	-	-	-	31	-
Wigram	143	-	53	-	196	49
Christchurch	174	-	53	-	227	49
Dunedin	61	20	20	-	101	42
Otago	61	20	20	-	101	42
Total	2,510	361	562	10	3,443	858

Land bank as at 30 June 2018

Land bank of 3,041 retirement units and 368 care beds

Land bank - as at 30 June 2018*					
Village	Villas	Apartments	Serviced & memory care apartments	Total retirement units	Total care beds
Ellerslie	8	196	-	204	-
Hobsonville	10	36	23	69	-
Karaka	39	-	-	39	-
Parnell	-	264	76	340	48
St Johns	-	236	76	312	32
Warkworth	39	-	-	39	-
Auckland	96	732	175	1,003	80
Rototuna	174	-	76	250	43
Waikato	174	-	76	250	43
Katikati	16	-	-	16	-
Bay of Plenty	16	-	-	16	-
Te Awa	252	-	76	328	43
Hawke's Bay	252	-	76	328	43
Kenepuru	100	93	106	299	43
Lower Hutt	42	109	66	217	30
Trentham	-	-	20	20	-
Wellington	142	202	192	536	92
Richmond	234	-	76	310	43
Nelson-Tasman	234	-	76	310	43
Avonhead	156	12	98	266	43
Casebrook	229	12	76	317	43
Wigram	16	-	-	16	-
Christchurch	401	24	174	599	86
Total	1,314	958	769	3,041	368

* Land bank reflects current intentions as at June 2018. Excludes acquisition of new land in New Plymouth post balance date. This adds a further ~300 retirement units and ~40 care beds

1H18 underlying profit reconciliation

Reconciliation of underlying profit to reported net profit after tax

NZ\$m	1H18	1H17	Variance	FY17
Reported net profit after tax	82.0	90.3	-9%	223.4
Less reversal of impairment on land & buildings	-	-	N/A	(0.0)
Less fair value movement of investment property	(78.3)	(87.1)	-10%	(218.0)
Add realised gain on resales	14.9	10.8	38%	24.9
Add realised development margin	25.8	21.3	21%	51.0
Add/(less) deferred tax expense/credit	0.8	0.4	104%	0.3
Underlying profit	45.2	35.7	27%	81.7

Underlying profit differs from NZ IFRS reported 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. The measure is used internally in conjunction with other measures to monitor performance and make investment decisions and has been reviewed by Ernst & Young. Underlying profit is an industry wide measure which the Group uses consistently across reporting periods. See note 2 of the financial statements for detail on the components of underlying profit

Fair value movement

Fair value movement of investment property – key assumptions

Fair value movement of investment property		Value of investment property*	Fair value gain/(loss)	Key valuation assumptions					
Village	Location	NZ\$m	NZ\$m	Discount rate	Growth rate Yr 1	Growth rate Yr 2	Growth rate Yr 3	Growth rate Yr 4	Growth rate Yr 5+
Summerset by the Park	Manukau	139.1	1.4	13.50%	1.5%	2.0%	2.5%	3.0%	3.5%
Summerset by the Lake	Taupo	53.6	0.6	15.75%	0.0%	0.5%	1.5%	2.5%	3.5%
Summerset in the Bay	Napier	63.0	0.2	14.00%	0.0%	1.0%	2.0%	2.5%	3.5%
Summerset in the Orchard	Hastings	63.8	1.5	15.00%	0.0%	0.5%	1.0%	2.5%	3.5%
Summerset in the Vines	Havelock North	52.8	0.6	14.75%	0.0%	1.0%	2.0%	2.5%	3.5%
Summerset in the River City	Wanganui	26.3	0.9	16.00%	0.0%	1.0%	1.5%	2.0%	2.5%
Summerset on Summerhill	Palmerston North	41.8	0.9	14.75%	0.0%	1.0%	2.0%	2.5%	3.0%
Summerset by the Ranges	Levin	24.8	1.0	15.75%	0.5%	1.0%	1.5%	2.0%	2.5%
Summerset on the Coast	Paraparaumu	48.8	0.7	14.50%	0.5%	1.0%	2.0%	2.5%	3.5%
Summerset at Aotea	Aotea	88.6	2.3	14.25%	0.5%	1.0%	2.0%	2.5%	3.5%
Summerset in the Sun	Nelson	133.7	3.5	14.00%	0.0%	1.0%	1.0%	2.5%	3.5%
Summerset at Bishopscourt	Dunedin	44.4	1.7	14.75%	0.5%	1.0%	1.5%	2.5%	3.0%
Summerset down the Lane	Hamilton	121.0	4.8	14.00%	0.5%	1.0%	2.0%	2.5%	3.5%
Summerset Mountain View	New Plymouth	66.6	0.2	14.75%	0.0%	0.5%	1.5%	2.5%	3.0%
Total for completed villages		968.4	20.2						
Summerset Falls	Warkworth	141.5	10.9	14.25%	0.5%	1.5%	2.0%	3.0%	3.5%
Summerset at Monterey Park	Hobsonville	183.4	0.1	14.00%	1.0%	1.0%	2.0%	2.5%	3.5%
Summerset at Heritage Park	Ellerslie	107.5	0.4	15.00%	1.0%	1.0%	2.0%	2.5%	3.5%
Summerset at Karaka	Karaka	143.5	11.7	14.25%	0.5%	1.0%	2.0%	2.5%	3.5%
Summerset Rototuna	Rototuna	20.3	5.3	16.50%	0.0%	1.0%	2.0%	2.5%	3.5%
Summerset by the Sea	Katikati	82.5	7.7	15.00%	0.0%	0.5%	1.5%	2.5%	3.5%
Summerset at the Course	Trentham	130.5	0.7	14.00%	0.5%	1.0%	2.0%	2.5%	3.5%
Summerset at Wigram	Wigram	105.7	11.7	14.75%	0.0%	1.5%	2.0%	3.0%	3.5%
Summerset Casebrook	Casebrook	28.2	8.3	16.50%	0.0%	1.0%	2.0%	3.0%	3.5%
Total for villages in development		943.3	56.6						
Total for proposed villages		120.0	1.5	n/a	n/a	n/a	n/a	n/a	n/a
Total for all villages		2,031.6	78.3						

* Value of non-land capital work in progress not represented in the above table

7 year metrics summary

Underlying profit 7 year CAGR of 41%

	Half Year Results	7 Year CAGR*	1H18	2H17	1H17	2H16	1H16	2H15	1H15	FY11
Operational	New sales of occupation rights	15%	145	203	179	231	183	173	160	108
	Resales of occupation rights	14%	154	156	144	121	123	135	110	123
	Total sales	15%	299	359	323	352	306	308	270	231
	New retirement units delivered	15%	165	279	171	219	190	162	141	122
	Retirement units in portfolio	14%	3,443	3,278	2,999	2828	2609	2419	2257	1,486
	Care beds in portfolio	16%	858	806	748	748	621	616	523	327
	Total revenue (\$m)	21%	65.7	59.8	50.7	46.0	40.0	36.2	32.6	33.7
Financial (NZ\$m)	Net profit after tax (\$m)	68%	82.0	133.2	90.3	94.9	50.6	48.5	35.7	4.3
	Underlying profit** (\$m)	41%	45.2	46.0	35.7	31.9	24.7	20.7	17.1	8.1
	Net operating cash flow (\$m)	23%	92.8	121.3	86.4	108.2	84.4	76.7	63.6	43.7
	Total assets (\$m)	22%	2,419.6	2,216.3	1,932.1	1,706.8	1,521.4	1,363.5	1,161.3	616.9
	Total equity (\$m)	20%	840.5	769.3	627.6	545.6	448.7	409.8	363.7	233.4
	Interest bearing loans and borrowings (\$m)	28%	379.7	347.2	315.3	274.0	262.7	248.2	160.9	69.1
	Cash and cash equivalents (\$m)	7%	14.7	7.6	13.1	8.7	9.4	6.7	6.5	9.0
	Gearing ratio (Net D/ Net D+E)	6%	30.3%	30.7%	32.5%	32.7%	36.1%	37.1%	29.8%	20.5%
	EPS (cents) (IFRS profit)	63%	37.22	60.86	41.37	43.6	23.3	22.4	16.5	2.39
	NTA (cents)	19%	377.85	347.56	285.72	249.9	206.1	188.5	167.5	109.33
	Development margin (%)	27%	33.0%	26.9%	28.0%	23.6%	20.3%	21.4%	18.4%	6.2%

* Compound annual growth rate. Annualised 1H18 result compared to FY11

** Underlying profit differs from NZ IFRS reported profit after tax. The measure has been reviewed by Ernst & Young. Refer to appendix for a reconciliation between the two measures, and note 2 of the financial statements for detail on the components of underlying profit



Half Year Report 2018





Cover image: Hobsonville residents, John and Barbara, with their dog Pippin.

Inside cover: Wigram Village Centre.

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Summerset Snapshot



More than

5,000

residents



More than

1,300

staff members



23

Villages completed or
under development



8

Greenfield sites



Land bank of

3,041

retirement units*



Land bank of

368

care beds*



3,443

Retirement units
in portfolio



858

Care beds in portfolio

* These figures exclude the purchase of land at our new site in New Plymouth

Half Year Business Highlights



Sales of

299

occupation rights



165

New retirement units
delivered



33%

Development margin



52

New care beds delivered



Opened our Casebrook
and Rototuna villages



Granted resource consent
for our Avonhead village



Purchase of land in Napier
and New Plymouth



Summerset at Wigram's Village Centre lounge.

Half Year Financial Highlights

\$82.0m

Net profit after tax 1H2018



9%

Decrease on 1H2017

\$45.2m

Underlying profit 1H2018



27%

Increase on 1H2017

\$2.4b

Total assets 1H2018



25%

Increase on 1H2017

6.0

Cents per share interim dividend



54%

Increase on 1H2017

Half Year Financial Highlights

For the six months ended 30 June 2018

Results Highlights - Financial

	1H2018	1H2017	% Change	FY2017
Net profit after tax (NZ IFRS) (\$000)	81,972	90,253	-9.2%	223,436
Underlying profit (\$000) ¹	45,216	35,653	26.8%	81,663
Total assets (\$000)	2,419,635	1,932,122	25.2%	2,216,328
Net tangible assets (cents per share)	377.85	285.72	32.2%	347.56
Net operating cash flow (\$000)	92,809	86,423	7.4%	207,716

¹ Underlying profit differs from NZ IFRS profit for the period

Results Highlights - Operational

	1H2018	1H2017	% Change	FY2017
New sales of occupation rights	145	179	-19.0%	382
Resales of occupation rights	154	144	6.9%	300
New retirement units delivered	165	171	-3.5%	450
Realised development margin (\$000)	25,822	21,294	21.3%	50,970
Gross proceeds (new sales) (\$000)	78,345	75,930	3.2%	186,428
Realised gains on resales (\$000)	14,915	10,785	38.3%	24,936

Non-GAAP underlying profit

\$000	1H2018	1H2017	% Change	FY2017
Profit for the period ¹	81,972	90,253	-9.2%	223,436
Less: fair value movement of investment property ¹	(78,332)	(87,091)	-10.1%	(217,954)
Less: reversal of impairment on land ¹	-	-	N/A	(15)
Add: realised gain on resales	14,915	10,785	38.3%	24,936
Add: realised development margin	25,822	21,294	21.3%	50,970
Add: deferred tax expense ¹	839	412	103.7%	290
Underlying profit	45,216	35,653	26.8%	81,663

¹ Figure has been extracted from the financial statements

Underlying profit differs from NZ IFRS reported profit after tax. Refer to note 2 of the financial statements for definitions of the components of underlying profit.

Joint Chair and CEO's Report



Welcome to Summerset's half year report for the six months ended 30 June 2018. We are pleased to report that we have performed well, with good financial results for shareholders alongside delivery of initiatives that will continue to enhance the experience of our residents and staff.

In the first half of 2018, we recorded \$82.0 million net profit after tax, down 9% on the same period last year, and \$45.2 million underlying profit, up 27% on the first six months of 2017. We now have more than 5,000 residents who call Summerset home. These residents are supported by more than 1,300 staff.

A total of 165 new retirement units were built in the period. There were 145 new sales and 154 resales in the six months to 30 June. A total of 37% of sales were in Auckland, while 63% were across the rest of New Zealand. The company's development margin for 1H2018 was 33%, up from 28% for the same period in 2017.

While new sales have been lower in the first half of 2018 than the corresponding period for 2017, we are seeing good levels of contracts on homes – both on resales and homes to be completed before the end of 2018 – and strong development margins on the homes that have settled over the first half of 2018. Resales volumes continue to track well across all areas of the country, including the Auckland market, despite the flattening residential property market.

Growth and development

We continue to expand our offering at a number of sites around the country. Residents have moved into the first homes at our Casebrook (Christchurch) and Rototuna (Hamilton) villages in the first half. We have also recently received resource consent for our proposed Avonhead (Christchurch) village, which will offer more than 260 homes and will include our award-winning memory care concept for people living with dementia.

We continue to progress our Boulcott village in Lower Hutt and have applied to Hutt City Council for resource consent. This village will provide much-needed accommodation and care to older people in the area as there are limited options currently. The village will also play a vital role in freeing up housing for the wider community. We have a long wait list of people already interested in the village. In addition, we have applied for resource consent for our Kenepuru village in northern Wellington. We hope to progress our consent applications for these villages as quickly as possible.

The pressure we have seen in the Auckland construction market is not reducing, although we remain on track to deliver 450 retirement units across New Zealand this year. Our construction focus in Auckland is to complete our Hobsonville village, the main apartment buildings at

the Ellerslie village, and new villa builds at our Karaka and Warkworth villages.

We continue to progress with the planning and design of our two greenfield Auckland sites in Parnell and St Johns. Resource consent for our proposed village in St Johns has recently been declined. We are currently working through this decision but remain confident we will be able to progress a successful village on this site. As with our Boulcott village, there is strong demand already for homes in the village, which, if approved, will consist of 344 homes.

Our Parnell site is strategically located beside the Parnell train station, with close links to the Auckland Domain, Parnell village and Auckland CBD. Given the higher building density expected on this site, its strategic location and the unique nature of the project, we have appointed Warren and Mahoney as our lead architects for the village. Concept planning has progressed well and we are starting to prepare the appropriate resource consent applications.

In April, we purchased our fourth Hawke's Bay site on Eriksen Road, Te Awa. The 9 hectare property is close to the popular 18-hole Maraenui Golf Club, the coastline along Marine Parade, and is about 4km south of Napier's CBD. We have also purchased land to build our second New Plymouth village. The proposed 8.1 hectare site is close to the coast, and is about 7km east of New Plymouth's CBD. It has sea views and outlook to Mount Taranaki.

Our investigation into possible Australian expansion continues and we are making good progress. We will continue to work through the appropriate diligence required, and will make further announcements regarding the nature and timing of this expansion as appropriate.

Our people

In May, we introduced additional staff benefits to further strengthen our employee offering. Our range of staff benefits includes free health insurance, funeral cover, travel voucher prizes, discounts at a range of Summerset suppliers, a free staff share scheme, sick leave from the first day of employment, a day of leave on a staff member's birthday, contributions to staff charity fundraising efforts and various types of special leave, including domestic abuse leave.

Pleasingly, we have seen the staff attrition rate at our villages drop by 8% in the last 12 months. The company-wide attrition rate has reduced almost 7% over the same period. We believe this is a result of both the continued investment we are making in our staff and the Government's equal pay settlement.

We are starting to see shortages in care workers in some areas, and believe the immigration changes introduced

by the previous Government are causing this. We believe it is important that the current Government recognises the importance of immigration alongside local training and development. This will ensure we have trained, competent and caring staff available to look after our older people. We have watched closely the pay settlement for public sector nurses and will be making the appropriate adjustments for our own nurses.

Our health and safety vision is that every staff member goes home safely without harm each day. We continue to implement measures to achieve this. Most recently, following a trial of compulsory gloves for all construction workers on site in Casebrook, Christchurch, we are now introducing this practice in all our new construction sites.

The second half of the year will see the rollout of new uniforms to our village staff. There will be more detail to come on the uniforms themselves, but we look forward to presenting our staff with a uniform that is designed to be fit for purpose and that they will be proud to wear.

We have also made a significant investment in our Human Resources Information System. This will see the complete implementation of a new payroll system later this year. This is being rolled out in two stages; the first stage affected head office and construction staff in May. The second stage is currently underway in our villages. This will eliminate a large number of manual and cumbersome processes and is one of a number of systems-related investments we have been making in the business.

Recent media around the Australian Prudential Regulation Authority's investigation into the Commonwealth Bank of Australia showed significant shortcomings in governance, culture and accountability. This report came out in the midst of a number of revelations seen in the Australian inquiry into practices in the banking sector. We have considered the relevance of these for our business. A particular focus for us is ensuring the voice of our customer is heard. Summerset's CEO and General Manager Operations and Customer Experience visit all our villages each year to talk to residents face to face. Board members also visit villages on a regular basis to engage directly with residents and staff. These are critical points of interaction with our customers. In addition, we have subject matter experts on key board committees, an annual resident satisfaction survey, structured quarterly meetings with friends and families of care residents, and our own clinical quality audit team reviewing care centre performance. We have also recently appointed a Customer Advocate, who assists in ensuring management are hearing from, and listening to, our residents. However, we note that complacency is an ever-present risk and we will continue to test and challenge our approach in this area.



Summerset CEO, Julian Cook, alongside Bowls New Zealand CEO, Mark Cameron.

Our residents

In September 2017, we began the rollout of our new resident management system, VCare, which is a New Zealand-made software system specifically designed for retirement villages and care centres. VCare has now been introduced in all our villages, replacing our previous internally developed system. We are currently implementing the clinical care functionality of VCare and will train more than 800 care staff in VCare this year.

The move from a paper-based system to an electronic one allows all vital care-related information to be recorded in one place, from charts and measurements, to progress notes from our staff and visiting GPs or physiotherapists. Our caregivers will be using iPads to access and update resident information. To date, the rollout of the care functionality has gone well. We will provide an update on this in the full year report.

Earlier this year, we introduced a new food service to our villages. Three regionally based caterers, White Tie Health Services, Kerr and Ladbrook and Cater Plus, together with an in-house team at our Levin and Paraparaumu villages, offer locally sourced, wholesome food prepared onsite for our Divine cafés, Divine at Home service and our care centres. Food is a very important part of a resident's experience and we focused on getting the right providers for our villages.

We have partnered with both Bowls New Zealand and New Zealand Indoor Bowls, which we think is a perfect alignment with our purpose of bringing the best of life to residents. Through these partnerships we are helping bring players together to enjoy two popular sports,

including the many Summerset residents who play for a local bowls club. We hope many more will discover the joy of the game.

Looking ahead

As Summerset continues to grow, we want to ensure we are responsible about the environmental impact of our villages, so are pleased we will be working towards Certified Emissions Measurement and Reduction Scheme certification. The scheme allows us to measure our greenhouse gas emissions accurately and put in place strategies to manage and reduce our impact on the environment. We are currently collecting data to help measure the carbon footprint at our offices and villages, with the intention of completing a verification audit by the end of the year before setting short, medium and long term reduction targets.

It is a pleasure to present this report to our investors. Summerset will continue to work hard to deliver high-quality retirement living for our residents and subsequent financial results that benefit our investors, residents and staff.

Rob Campbell
Chair

Julian Cook
Chief Executive Officer



An apartment lounge at Summerset by the Lake, Taupo.

Financial Statements

Income Statement

For the six months ended 30 June 2018

		6 MONTHS JUN 2018 UNAUDITED	6 MONTHS JUN 2017 UNAUDITED	12 MONTHS DEC 2017 AUDITED
	NOTE	\$000	\$000	\$000
Care fees and village services		43,268	34,126	74,505
Deferred management fees		22,341	16,539	35,804
Interest received		59	46	184
Total revenue		65,668	50,711	110,493
Reversal of impairment on land		-	-	15
Fair value movement of investment property	4	78,332	87,091	217,954
Total income		144,000	137,802	328,462
Operating expenses	3	(52,920)	(39,603)	(88,587)
Depreciation and amortisation expense		(2,892)	(2,060)	(4,628)
Total expenses		(55,812)	(41,663)	(93,215)
Operating profit before financing costs		88,188	96,139	235,247
Net finance costs		(5,377)	(5,474)	(11,521)
Profit before income tax		82,811	90,665	223,726
Income tax expense		(839)	(412)	(290)
Profit for the period		81,972	90,253	223,436
Basic earnings per share (cents)	7	37.22	41.37	102.23
Diluted earnings per share (cents)	7	36.53	40.67	100.46
Net tangible assets per share (cents)	7	377.85	285.72	347.56

The accompanying notes form part of these interim financial statements.

Statement of Comprehensive Income

For the six months ended 30 June 2018

		6 MONTHS JUN 2018 UNAUDITED	6 MONTHS JUN 2017 UNAUDITED	12 MONTHS DEC 2017 AUDITED
	NOTE	\$000	\$000	\$000
Profit for the period		81,972	90,253	223,436
Fair value movement of interest rate swaps		(1,851)	(1,442)	(3,043)
Tax on items of other comprehensive income		519	405	851
Loss on translation of foreign currency operations		(2)	-	-
Other comprehensive income that will be reclassified subsequently to profit or loss for the period net of tax		(1,334)	(1,037)	(2,192)
Fair value movement of care centre land and buildings		-	-	18,934
Tax on items of other comprehensive income		-	-	(5,036)
Other comprehensive income that will not be reclassified subsequently to profit or loss for the period net of tax		-	-	13,898
Total comprehensive income for the period		80,638	89,216	235,142

The accompanying notes form part of these interim financial statements.

Statement of Changes in Equity

For the six months ended 30 June 2018

	SHARE CAPITAL	FOREIGN CURRENCY TRANSLATION RESERVE	HEDGING RESERVE	REVALUATION RESERVE	RETAINED EARNINGS	TOTAL EQUITY
	\$000	\$000	\$000	\$000	\$000	\$000
As at 1 January 2017	249,030	-	(3,520)	11,043	289,062	545,615
Profit for the period	-	-	-	-	90,253	90,253
Other comprehensive loss for the period	-	-	(1,037)	-	-	(1,037)
Total comprehensive income/(loss) for the period	-	-	(1,037)	-	90,253	89,216
Dividends paid	-	-	-	-	(11,159)	(11,159)
Shares issued	3,545	-	-	-	-	3,545
Employee share plan option cost	369	-	-	-	-	369
As at 30 June 2017 (unaudited)	252,944	-	(4,557)	11,043	368,156	627,586
Profit for the period	-	-	-	-	133,183	133,183
Other comprehensive income/(loss) for the period	-	-	(1,155)	13,898	-	12,743
Total comprehensive income/(loss) for the period	-	-	(1,155)	13,898	133,183	145,926
Dividends paid	-	-	-	-	(8,698)	(8,698)
Shares issued	4,019	-	-	-	-	4,019
Employee share plan option cost	451	-	-	-	-	451
As at 31 December 2017 (audited)	257,414	-	(5,712)	24,941	492,641	769,284
Profit for the period	-	-	-	-	81,972	81,972
Other comprehensive loss for the period	-	(2)	(1,332)	-	-	(1,334)
Total comprehensive income/(loss) for the period	-	(2)	(1,332)	-	81,972	80,638
Dividends paid	-	-	-	-	(15,711)	(15,711)
Shares issued	5,785	-	-	-	-	5,785
Employee share plan option cost	504	-	-	-	-	504
As at 30 June 2018 (unaudited)	263,703	(2)	(7,044)	24,941	558,902	840,500

The accompanying notes form part of these interim financial statements.

Statement of Financial Position

As at 30 June 2018

		6 MONTHS JUN 2018 UNAUDITED	6 MONTHS JUN 2017 UNAUDITED	12 MONTHS DEC 2017 AUDITED
	NOTE	\$000	\$000	\$000
Assets				
Cash and cash equivalents		14,732	13,060	7,566
Trade and other receivables		27,237	19,750	25,416
Interest rate swaps		2,082	-	1,193
Property, plant and equipment		128,089	89,458	118,506
Intangible assets		6,680	3,578	5,562
Investment property	4	2,240,815	1,806,276	2,058,085
Total assets		2,419,635	1,932,122	2,216,328
Liabilities				
Trade and other payables		69,158	59,651	51,858
Employee benefits		6,979	4,883	6,733
Revenue received in advance		59,623	39,372	50,493
Interest rate swaps		9,784	6,331	7,934
Residents' loans	5	1,037,353	867,226	966,627
Interest-bearing loans and borrowings	6	379,689	315,309	347,170
Deferred tax liability		16,549	11,764	16,229
Total liabilities		1,579,135	1,304,536	1,447,044
Net assets		840,500	627,586	769,284
Equity				
Share capital		263,703	252,944	257,414
Reserves		17,895	6,486	19,229
Retained earnings		558,902	368,156	492,641
Total equity attributable to shareholders		840,500	627,586	769,284

The accompanying notes form part of these interim financial statements.

On behalf of the Board



Rob Campbell
Director and Chair of
the Board



James Ogden
Director and Chair of the
Audit Committee

Authorised for issue on 13 August 2018

Statement of Cash Flows

For the six months ended 30 June 2018

	NOTE	6 MONTHS JUN 2018 UNAUDITED \$000	6 MONTHS JUN 2017 UNAUDITED \$000	12 MONTHS DEC 2017 AUDITED \$000
Cash flows from operating activities				
Receipts from residents for care fees and village services		43,203	34,896	72,424
Interest received		59	46	184
Payments to suppliers and employees		(50,510)	(37,759)	(80,565)
Receipts for residents' loans - new occupation right agreements		75,676	73,698	181,574
Net receipts for residents' loans - resales of occupation right agreements		24,381	15,542	34,099
Net cash flow from operating activities		92,809	86,423	207,716
Cash flows to investing activities				
Purchase and construction of investment property:				
Construction of new investment property		(79,818)	(89,885)	(202,744)
Purchase of land		(2,022)	(7,578)	(27,840)
Refurbishment of existing investment property		(2,313)	(1,404)	(3,937)
Purchase and construction of property, plant and equipment:				
Construction of new care facilities		(9,236)	(4,678)	(10,319)
Refurbishment of existing care facilities		(280)	(230)	(752)
Other		(2,445)	(1,034)	(1,643)
Purchase of intangible assets		(1,702)	(2,357)	(4,457)
Capitalised interest paid		(3,983)	(2,497)	(5,802)
Net cash flow to investing activities		(101,799)	(109,663)	(257,494)
Cash flows from financing activities				
Net proceeds/(repayments) from bank borrowings		31,443	41,333	(26,136)
Proceeds from issue of retail bonds		-	-	100,000
Proceeds from issue of shares		5,785	3,545	7,564
Interest paid on borrowings		(5,361)	(6,073)	(12,881)
Dividends paid	8	(15,711)	(11,159)	(19,857)
Net cash flow from financing activities		16,156	27,646	48,690
Net increase/(decrease) in cash and cash equivalents		7,166	4,406	(1,088)
Cash and cash equivalents at beginning of period		7,566	8,654	8,654
Cash and cash equivalents at end of period		14,732	13,060	7,566

The accompanying notes form part of these interim financial statements.

Reconciliation of operating results and operating cash flows

For the six months ended 30 June 2018

	6 MONTHS JUN 2018 UNAUDITED	6 MONTHS JUN 2017 UNAUDITED	12 MONTHS DEC 2017 AUDITED
	\$000	\$000	\$000
Net profit for the period	81,972	90,253	223,436
Adjustments for:			
Depreciation and amortisation expense	2,892	2,060	4,628
Reversal of impairment on land	-	-	(15)
Loss on sale of plant and equipment	76	51	82
Fair value movement of investment property	(78,332)	(87,091)	(217,954)
Net finance costs paid	5,377	5,474	11,521
Deferred tax	839	412	290
Deferred management fee amortisation	(22,341)	(16,539)	(35,804)
Employee share plan option cost	521	369	820
	(90,968)	(95,264)	(236,432)
Movements in working capital			
Increase in trade and other receivables	(3,324)	(3,984)	(9,824)
Increase/(decrease) in employee benefits	246	(119)	1,731
Increase in trade and other payables	3,041	3,299	877
Increase in residents' loans net of non-cash amortisation	101,842	92,238	227,928
	101,805	91,434	220,712
Net cash flows from operating activities	92,809	86,423	207,716

The accompanying notes form part of these interim financial statements.

Notes to the Financial Statements

For the six months ended 30 June 2018

1. Summary of accounting policies

The interim financial statements presented for the six months ended 30 June 2018 are for Summerset Group Holdings Limited ("the Company") and its subsidiaries (collectively, "the Group"). The Group develops, owns and operates integrated retirement villages, rest homes, memory care centres and hospitals for older New Zealanders.

Summerset Group Holdings Limited is registered in New Zealand under the Companies Act 1993 and is an FMC Reporting Entity for the purposes of the Financial Markets Conduct Act 2013. The reporting entity is listed on the New Zealand Stock Exchange (NZX), being the Company's primary exchange, and is listed on the Australian Securities Exchange (ASX) as a foreign exempt listing.

The interim financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand (NZ GAAP), except for note 2 Non-GAAP underlying profit. NZ GAAP in this instance being New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and is in compliance with NZ IAS 34 – *Interim Financial Reporting* and IAS 34 – *Interim Financial Reporting*.

These interim financial statements have been prepared using the same accounting policies as, and should be read in conjunction with, the Group's financial statements for the year ended 31 December 2017. During the period, NZ IFRS 15 – *Revenue from contracts with customers* has been adopted with no impact on the accounting policies or disclosures of the Group. The interim financial statements for the six months ended 30 June 2018 are unaudited. They are presented in New Zealand dollars, which is the Group's functional currency. All financial information has been rounded to the nearest thousand, unless otherwise stated.

Segment reporting

The Group operates in one industry, being the provision of integrated retirement villages in New Zealand. The services provided across all of the Group's villages are similar, as are the type of customer and the regulatory environment. The chief operating decision makers, the Chief Executive Officer and the Board of Directors, review the operating results of the Group as a whole on a regular basis. On this basis, the Group has one reportable segment, and the Group results are the same as the results of the reportable segment. All resource allocation decisions across the Group are made to optimise the consolidated Group's result.

The Group is considering expansion into Australia. To date, the expenditure incurred has been immaterial to the Group and relates primarily to consultancy and employment costs associated with considering the expansion.

2. Non-GAAP underlying profit

		6 MONTHS JUN 2018 UNAUDITED	6 MONTHS JUN 2017 UNAUDITED	12 MONTHS DEC 2017 AUDITED
	REF	\$000	\$000	\$000
Profit for the period		81,972	90,253	223,436
Less fair value movement of investment property	a)	(78,332)	(87,091)	(217,954)
Less reversal of impairment on land	b)	-	-	(15)
Add realised gain on resales	c)	14,915	10,785	24,936
Add realised development margin	d)	25,822	21,294	50,970
Add deferred tax expense	e)	839	412	290
Underlying profit		45,216	35,653	81,663

Underlying profit differs from NZ IFRS profit for the period. The Directors have provided an underlying profit measure in addition to IFRS profit measures 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. The measure is used internally in conjunction with other measures to monitor performance and make investment decisions. Underlying profit is an industry-wide measure that the Group uses consistently across reporting periods. Underlying profit determines the dividend payout to shareholders.

This statement is for the Group, prepared in accordance with the *Basis of preparation: underlying profit*, described below.

Basis of preparation: underlying profit

Underlying profit is determined by taking profit for the period determined under NZ IFRS, adjusted for the impact of the following:

- a) Less fair value movement of investment property: reversal of investment property valuation changes recorded in NZ IFRS profit for the period, which comprise both realised and non-realised valuation movements. This is reversed and replaced with realised development margin and realised resale gains during the period, effectively removing the unrealised component of the fair value movement of investment property.
- b) Less reversal of impairment on land: remove the impact of non-cash care centre valuation changes recorded in NZ IFRS profit for the period. Care centres are valued every three years (last valued as at 31 December 2017), with fair value gains flowing through to the revaluation reserve unless the gain offsets a previous impairment to fair value that was recorded in NZ IFRS profit for the period. Where there is any impairment of a care centre, or reversal of a previous impairment that impacts NZ IFRS profit for the period, this is eliminated for the purposes of determining underlying profit.
- c) Add realised resale gains: add the realised gains across all resales of occupation rights during the period. The realised gain for each resale is determined to be the difference between the licence price for the previous occupation right for a retirement unit and the occupation right resold for that same retirement unit during the period. Realised resale gains are a measure of the cash generated from increases in selling prices of occupation rights to incoming residents, less cash amounts repaid to vacated residents for the repayment of the price of their refundable occupation right purchased in an earlier period. Realised resale gains exclude deferred management fees and refurbishments.
- d) Add realised development margin: add realised development margin across all new sales of occupation rights during the period, the recognition point being the cash settlement. Realised development margin is the margin earned on the first-time sale of an occupation right following the development of a retirement unit. The margin for each new sale is determined to be the licence price for the occupation right, less the cost of developing that retirement unit.

Components of the cost of developing retirement units include directly attributable construction costs and a proportionate share of the following costs:

- infrastructure costs;
- land cost on the basis of the purchase price of the land;
- interest incurred during the build period; and
- head office costs directly related to the construction of retirement units.

All costs above include non-recoverable GST.

Development margin excludes the costs of developing common areas of the main building within the retirement village (including a share of the proportionate costs listed above). This is because these areas are assets that support the sale of occupation rights, for not just the new sale but for all subsequent resales. It also excludes the costs of developing care centres, which are treated as property, plant and equipment for accounting purposes. These costs are both excluded in line with industry standard.

- e) Add deferred tax expense: reversal of the impact of deferred taxation.

Underlying profit does not include any adjustments for abnormal items or fair value movements on financial instruments that are included in NZ IFRS profit for the period.

Notes to the Financial Statements (continued)

3. Operating expenses

	6 MONTHS JUN 2018 UNAUDITED	6 MONTHS JUN 2017 UNAUDITED	12 MONTHS DEC 2017 AUDITED
	\$000	\$000	\$000
Employee expenses	30,581	22,802	50,487
Property-related expenses	7,634	6,118	13,864
Other operating expenses	14,705	10,683	24,236
Total operating expenses	52,920	39,603	88,587

4. Investment property

	6 MONTHS JUN 2018 UNAUDITED	6 MONTHS JUN 2017 UNAUDITED	12 MONTHS DEC 2017 AUDITED
	\$000	\$000	\$000
Balance at beginning of period	2,058,085	1,591,363	1,591,363
Additions	104,410	127,857	248,856
Disposals	(12)	(35)	(88)
Fair value movement:			
Realised	40,737	32,079	75,906
Unrealised	37,595	55,012	142,048
Total investment property	2,240,815	1,806,276	2,058,085

	6 MONTHS JUN 2018 UNAUDITED	6 MONTHS JUN 2017 UNAUDITED	12 MONTHS DEC 2017 AUDITED
	\$000	\$000	\$000
Development land measured at fair value	155,500	149,300	152,750
Retirement villages measured at fair value	1,871,613	1,475,454	1,733,828
Retirement villages under development measured at cost	213,702	181,522	171,507
Total investment property	2,240,815	1,806,276	2,058,085

The Group has deemed it is unable to reliably determine the fair value of the non-land aspects of retirement villages under development at 30 June 2018 and therefore these are carried at cost. This equates to \$213.7 million of investment property (Jun 2017: \$181.5 million; Dec 2017: \$171.5 million).

The fair value of investment property as at 30 June 2018 was determined by CBRE Limited, an independent registered valuer. The fair value of the Group's investment property is determined on a semi-annual basis, based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing, wherein the parties had each acted knowledgeably, prudently and without compulsion. To assess the fair value of the Group's interest in the village, CBRE has undertaken a cashflow analysis to derive a net present value. A desktop valuation was completed as at 30 June 2018. There has been no change in valuation technique since the previous full valuation which was completed as at 31 December 2017 (next full valuation due as at 31 December 2018).

Significant assumptions used by the valuer include a discount rate of between 13.5% and 16.5% (Jun 2017: between 13.75% and 16%; Dec 2017: between 13.5% and 16%) and a long-term nominal house price inflation rate of between 0% and 3.5% (Jun 2017 and Dec 2017: between 0% and 3.5%). Other assumptions used by the valuer include the average entry age of residents and occupancy periods of units.

As the fair value of investment property is determined using inputs that are unobservable, the Group has categorised investment property as Level 3 under the fair value hierarchy in accordance with NZ IFRS 13 – Fair Value Measurement.

Sensitivity analysis to significant changes in unobservable inputs within Level 3 of the hierarchy

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy of the entity's portfolios of investment property are the discount rate, the long-term nominal house price inflation rate, the average entry age of residents and the occupancy period of units. A significant decrease (increase) in the discount rate or the occupancy period of units would result in a significantly higher (lower) fair value measurement and a significant increase (decrease) in the average entry age of residents, or the long-term nominal house price inflation rate would result in a significantly higher (lower) fair value measurement.

Security

As at 30 June 2018, all investment property relating to Summerset's village companies (being the 23 retirement village companies registered under the Retirement Villages Act 2003) is subject to a first-ranking registered mortgage in favour of the Statutory Supervisor (Public Trust). That mortgage secures the rights that Summerset's residents have under their occupation right agreements.

5. Residents' loans

	6 MONTHS JUN 2018 UNAUDITED	6 MONTHS JUN 2017 UNAUDITED	12 MONTHS DEC 2017 AUDITED
	\$000	\$000	\$000
Balance at beginning of period	1,134,069	924,848	924,848
Net receipts for residents' loans - resales of occupation right agreements	18,824	12,522	27,647
Receipts for residents' loans - new occupation right agreements	75,676	73,698	181,574
Total gross residents' loans	1,228,569	1,011,068	1,134,069
Deferred management fees receivable	(191,216)	(143,842)	(167,442)
Total residents' loans	1,037,353	867,226	966,627

The fair value of residents' loans at 30 June 2018 is \$706.2 million (Jun 2017: \$558.3 million; Dec 2017: \$648.2 million). The method of determining fair value is disclosed in Note 15 of the Group's financial statements for the year ended 31 December 2017. As the fair value of residents' loans is determined using inputs that are unobservable, the Group has categorised residents' loans as Level 3 under the fair value hierarchy in accordance with NZ IFRS 13 – Fair Value Measurement.

Notes to the Financial Statements (continued)

6. Interest-bearing loans and borrowings

		6 MONTHS JUN 2018 UNAUDITED	6 MONTHS JUN 2017 UNAUDITED	12 MONTHS DEC 2017 AUDITED
	Coupon	\$000	\$000	\$000
Repayable after 12 months				
Secured bank loans	Floating	279,282	315,309	247,839
Retail bonds	4.78%	100,000	-	100,000
Total loans and borrowings at face value		379,282	315,309	347,839
Issue costs for retail bonds capitalised opening balance		(1,840)	-	-
Issue costs for retail bonds capitalised during the period		-	-	(2,007)
Issue costs for retail bonds amortised during the period		167	-	167
Total loans and borrowings at amortised cost		377,609	315,309	345,999
Fair value adjustment on hedged borrowings		2,080	-	1,171
Total loans and borrowings		379,689	315,309	347,170

The weighted average interest rate for the six months to 30 June 2018 was 3.56% (Jun 2017: six-month average 3.49%; Dec 2017: 12-month average 3.57%). This includes the impact of interest rate swaps. 74% of the secured bank loans are hedged with interest rate swaps at 30 June 2018 (Jun 2017: 69%; Dec 2017: 89%).

The secured bank loan facility as at 30 June 2018 has a maximum limit of \$500.0 million (Jun 2017: \$600.0 million; Dec 2017: \$500.0 million). Lending of \$285.0 million expires in August 2020 and \$215.0 million of lending expires in March 2022.

The retail bonds were issued for \$100.0 million and have a maturity date of 11 July 2023. The retail bonds are listed on the NZX Debt Market (NZDX) with the ID SUM010.

Security

The bank loans and retail bonds rank equally with the Group's other unsubordinated obligations and are secured by the following securities, held by a security trustee:

- a first-ranking registered mortgage over all land and permanent buildings owned (or leased under a registered lease) by guaranteeing Group members that are not registered retirement villages;
- a second-ranking registered mortgage over the land and permanent buildings owned (or leased under a registered lease) by each registered retirement village that is a guaranteeing Group member (behind a first-ranking registered mortgage in favour of the Statutory Supervisor); and
- the General Security Deed, which secures all assets of the guaranteeing Group members, but in respect of which the Statutory Supervisor has first rights to the proceeds of security enforcement against all assets of the registered retirement villages to which the security trustee is entitled.

7. Earnings per share and net tangible assets

Basic earnings per share

	6 MONTHS JUN 2018 UNAUDITED	6 MONTHS JUN 2017 UNAUDITED	12 MONTHS DEC 2017 AUDITED
Earnings (\$000)	81,972	90,253	223,436
Weighted average number of ordinary shares for the purpose of earnings per share (in thousands)	220,267	218,141	218,555
Basic earnings per share (cents per share)	37.22	41.37	102.23

Diluted earnings per share

	6 MONTHS JUN 2018 UNAUDITED	6 MONTHS JUN 2017 UNAUDITED	12 MONTHS DEC 2017 AUDITED
Earnings (\$000)	81,972	90,253	223,436
Weighted average number of ordinary shares for the purpose of earnings per share (in thousands)	224,420	221,910	222,407
Diluted earnings per share (cents per share)	36.53	40.67	100.46

Number of shares (in thousands)

	6 MONTHS JUN 2018 UNAUDITED	6 MONTHS JUN 2017 UNAUDITED	12 MONTHS DEC 2017 AUDITED
Weighted average number of ordinary shares for the purpose of earnings per share (basic)	220,267	218,141	218,555
Weighted average number of ordinary shares issued under employee share plans	4,153	3,769	3,852
Weighted average number of ordinary shares for the purpose of earnings per share (diluted)	224,420	221,910	222,407

At 30 June 2018, there were 4,094,072 shares issued under employee share plans (Jun 2017: 3,929,248; Dec 2017: 4,227,907 shares).

Net tangible assets per share

	6 MONTHS JUN 2018 UNAUDITED	6 MONTHS JUN 2017 UNAUDITED	12 MONTHS DEC 2017 AUDITED
Net tangible assets (\$000)	833,820	624,008	763,722
Shares on issue at end of period (basic and in thousands)	220,676	218,396	219,740
Net tangible assets per share (cents per share)	377.85	285.72	347.56

Net tangible assets are calculated as the total assets of the Group minus intangible assets and minus total liabilities. This measure is provided as it is commonly used for comparison between entities.

Notes to the Financial Statements (continued)

8. Dividends

On 22 March 2018, a dividend of 7.1 cents per ordinary share was paid to shareholders (2017: on 22 March 2017 a dividend of 5.1 cents per ordinary share was paid to shareholders and on 11 September 2017 a dividend of 3.9 cents per ordinary share was paid to shareholders).

A dividend reinvestment plan applied to the dividend paid on 22 March 2018 and 810,284 ordinary shares were issued in relation to the plan (2017: 687,184 ordinary shares were issued in relation to the plan for the 22 March 2017 dividend and 593,876 ordinary shares were issued in relation to the plan for the 11 September 2017 dividend).

9. Capital commitments and contingencies

Capital commitments

At 30 June 2018, the Group had capital commitments in relation to construction contracts of \$67.3 million (Jun 2017: \$61.9 million; Dec 2017: \$63.9 million).

Contingent liabilities

There were no known material contingent liabilities at 30 June 2018 (Jun 2017: none; Dec 2017: none).

10. Subsequent events

On 23 July 2018, 95,996 shares were issued under the Group's all-staff employee share plan at \$7.7435 per share. The shares are held by Summerset LTI Trustee Limited and vest to participating employees after a three-year period, subject to meeting the criteria of the plan.

On 13 August 2018, the Directors approved an interim dividend of \$13.5 million, being 6.0 cents per share. The dividend record date is 28 August 2018, with payment on 10 September 2018.

In July 2018, a piece of land was purchased at Pohutukawa Place for our second site in New Plymouth.

There have been no other events subsequent to 30 June 2018 that materially impact on the results reported.

Review Report to the Shareholders of Summerset Group Holdings Limited (“the company”) and its subsidiaries (together “the group”)

We have reviewed the interim financial statements on pages 14 to 26, which comprise the statement of financial position of the group as at 30 June 2018 and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows of the group for the six month period ended on that date, and a summary of significant accounting policies and other explanatory information.

This report is made solely to the company's shareholders, as a body. Our review has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in a review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our review work, for this report, or for our findings.

Directors’ Responsibilities

The directors are responsible for the preparation and fair presentation of interim financial statements which comply with New Zealand Equivalent to International Accounting Standard 34: *Interim Financial Reporting* and for such internal control as the directors determine is necessary to enable the preparation and fair presentation of the interim financial statements that are free from material misstatement, whether due to fraud or error.

Reviewer’s Responsibilities

Our responsibility is to express a conclusion on the interim financial statements based on our review. We conducted our review in accordance with NZ SRE 2410 *Review of Financial Statements Performed by the Independent Auditor of the Entity*. NZ SRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements, taken as a whole, are not prepared in all material respects, in accordance with New Zealand Equivalent to International Accounting Standard 34: *Interim Financial Reporting*. As the auditor of the group, NZ SRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial statements.

Basis of Statement

A review of interim financial statements in accordance with NZ SRE 2410 is a limited assurance engagement. The auditor performs procedures, primarily consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

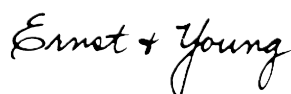
The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand). Accordingly we do not express an audit opinion on those financial statements.

Other than in our capacity as auditor we have no relationship with, or interests in, the group.

Conclusion

Based on our review nothing has come to our attention that causes us to believe that the accompanying interim financial statements, set out on pages 14 to 26, do not present fairly, in all material respects, the financial position of the group as at 30 June 2018 and its financial performance and cash flows for the six month period ended on that date in accordance with New Zealand Equivalent to International Accounting Standard 34: *Interim Financial Reporting*.

Our review was completed on 13 August 2018 and our findings are expressed as at that date.



Ernst & Young
Wellington

Directory

Auckland

Summerset Falls

31 Mansel Drive, Warkworth 0910
Phone (09) 425 1200

Summerset at Heritage Park

8 Harrison Road, Ellerslie,
Auckland 1060
Phone (09) 950 7960

Summerset at Karaka

49 Pararekau Road, Karaka 2580
Phone (09) 951 8900

Summerset at Monterey Park

1 Squadron Drive, Hobsonville,
Auckland 0618
Phone (09) 951 8920

Summerset Parnell*

23 Cheshire Street, Parnell 1052
Phone (09) 950 8212

Summerset by the Park

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Phone (09) 272 3950

Summerset St Johns*

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Waikato

Summerset by the Lake

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Taupo 3330
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Summerset down the Lane

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Summerset Rototuna

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Phone (07) 981 7822

Bay of Plenty

Summerset by the Sea

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Phone (07) 985 6890

Hawke's Bay

Summerset in the Bay

79 Merlot Drive, Greenmeadows,
Napier 4112
Phone (06) 845 2840

Summerset in the Orchard

1228 Ada Street, Parkvale,
Hastings 4122
Phone (06) 974 1310

Summerset Te Awa*

136 Eriksen Road,
Te Awa, Napier 4110
Phone (06) 833 5852

Summerset in the Vines

249 Te Mata Road,
Havelock North 4130
Phone (06) 877 1185

Taranaki

Summerset Mountain View

35 Fernbrook Drive, Vogeltown,
New Plymouth 4310
Phone (06) 824 8900

Summerset New Plymouth*

56 Pohutukawa Place,
New Plymouth 4312
Phone (06) 824 8532

* Proposed villages

Manawatu – Wanganui

Summerset by the Ranges

102 Liverpool Street, Levin 5510
Phone (06) 367 0337

Summerset in the River City

40 Burton Avenue, Wanganui East,
Wanganui 4500
Phone (06) 343 3133

Summerset on Summerhill

180 Ruapehu Drive, Fitzherbert,
Palmerston North 4410
Phone (06) 354 4964

Wellington

Summerset at Aotea

15 Aotea Drive, Aotea, Porirua 5024
Phone (04) 235 0011

Summerset on the Coast

104 Realm Drive, Paraparaumu 5032
Phone (04) 298 3540

Summerset at the Course

20 Racecourse Road, Trentham,
Upper Hutt 5018
Phone (04) 527 2980

Summerset Kenepuru*

Bluff Road, Kenepuru,
Porirua 5022
Phone (04) 230 6722

Summerset Lower Hutt*

Boulcott's Farm, Military Road,
Lower Hutt 5010
Phone (04) 568 1442

Nelson – Tasman

Summerset Richmond*

1 Hill Street North, Richmond 7020
Phone (03) 744 3432

Summerset in the Sun

16 Sargeson Street, Stoke,
Nelson 7011
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Canterbury

Summerset Avonhead*

120 Hawthornden Road, Avonhead,
Christchurch 8042
Phone (03) 357 3202

Summerset on Cavendish

147 Cavendish Road, Casebrook,
Christchurch 8051
Phone (03) 741 3340

Summerset at Wigram

135 Awatea Road, Wigram,
Christchurch 8025
Phone (03) 741 0870

Otago

Summerset at Bishopscourt

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Dunedin 9010
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* Proposed villages

Company Information

Registered offices

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Australia

Deutsche Bank Place,
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Australia

Auditor

Ernst & Young

Bankers

ANZ Bank New Zealand Limited
ASB Bank Limited
Bank of New Zealand Limited

Statutory Supervisor

Public Trust

Bond Supervisor

The New Zealand Guardian Trust Company Limited

Share Registrar

Link Market Services
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Phone: +64 9 375 5998
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Directors

Rob Campbell
Dr Marie Bismark
James Ogden
Gráinne Troute
Anne Urlwin
Dr Andrew Wong

Company Secretary

Leanne Walker





Summerset

Summerset Group Holdings Limited	
Results for announcement to the market	
Reporting Period	Six months to 30 June 2018
Previous Reporting Period	Six months to 30 June 2017

	Amount (000s)	Percentage change
Revenue from ordinary activities	NZ\$65,668	+29.5%
Total income from ordinary activities	NZ\$144,000	+4.5%
Profit from ordinary activities after tax attributable to security holder	NZ\$81,972	-9.2%
Net profit attributable to security holders	NZ\$81,972	-9.2%
Underlying profit	NZ\$45,216	+26.8%

Final Dividend	Amount per security	Imputed amount per security
	NZ 6.0 cents per share	Not imputed

Record Date	28 August 2018
Dividend Payment Date	10 September 2018
Dividend Reinvestment Plan	Applies at 2% discount

Comments:	<p>See also other attached documents (half year report, media release, results presentation and Appendix 7).</p> <p>Underlying profit differs from NZ 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. 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.</p>
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Notice of event affecting securities

NZSX Listing Rule 7.12.2. For rights, NZSX Listing Rules 7.10.9 and 7.10.10.
For change to allotment, NZSX Listing Rule 7.12.1, a separate advice is required.

Number of pages including this one
(Please provide any other relevant
details on additional pages)

Full name of Issuer	Summerset Group Holdings Limited		
Name of officer authorised to make this notice	Leanne Walker	Authority for event, e.g. Directors' resolution	Directors' Resolution
Contact phone number	(04) 894 7361	Contact fax number	
		Date	13 / 08 / 2018

Nature of event Tick as appropriate	Bonus Issue <input type="checkbox"/>	If ticked, state whether: Taxable <input type="checkbox"/> / Non Taxable <input type="checkbox"/>	Conversion <input type="checkbox"/>	Interest <input type="checkbox"/>	Rights Issue Renounceable <input type="checkbox"/>
	Rights Issue non-renounceable <input type="checkbox"/>	Capital change <input type="checkbox"/> Call <input type="checkbox"/> Dividend <input checked="" type="checkbox"/>	If ticked, state whether: Interim <input checked="" type="checkbox"/> Full Year <input type="checkbox"/>	Special <input type="checkbox"/>	DRP Applies <input checked="" type="checkbox"/>

EXISTING securities affected by this	If more than one security is affected by the event, use a separate form.	
Description of the class of securities	Ordinary Shares	ISIN NZSUME0001S0
		If unknown, contact NZX

Details of securities issued pursuant to this event	If more than one class of security is to be issued, use a separate form for each class.	
Description of the class of securities		ISIN
		If unknown, contact NZX
Number of Securities to be issued following event		Minimum Entitlement
Conversion, Maturity, Call Payable or Exercise Date		Treatment of Fractions
	Enter N/A if not applicable	Tick if <i>pari passu</i> <input type="checkbox"/> OR provide an explanation of the ranking
Strike price per security for any issue in lieu or date Strike Price available.		

Monies Associated with Event	Dividend payable, Call payable, Exercise price, Conversion price, Redemption price, Application money.	
In dollars and cents		Source of Payment
Amount per security (does not include any excluded income)	6.0 cents per share	Revenue Reserves
Excluded income per security (only applicable to listed PIEs)	Nil	
Currency	New Zealand Dollars	Supplementary dividend details - NZSX Listing Rule 7.12.7
Total monies	\$13,492,458	Amount per security in dollars and cents
		Date Payable

Taxation	Amount per Security in Dollars and cents to six decimal places	
In the case of a taxable bonus issue state strike price	\$	Resident Withholding Tax
		1.98 cents per share
		Imputation Credits (Give details)
		Nil
		Foreign Withholding Tax
	\$	FDP Credits (Give details)

Timing	(Refer Appendix 8 in the NZSX Listing Rules)	
Record Date 5pm For calculation of entitlements -	28 August, 2018	Application Date Also, Call Payable, Dividend / Interest Payable, Exercise Date, Conversion Date. In the case of applications this must be the last business day of the week.
		10 September, 2018
Notice Date Entitlement letters, call notices, conversion notices mailed		Allotment Date For the issue of new securities. Must be within 5 business days of application closing date.
		10 September, 2018

OFFICE USE ONLY
Ex Date:
Commence Quoting Rights:
Cease Quoting Rights 5pm:
Commence Quoting New Securities:
Cease Quoting Old Security 5pm:

Security Code:
Security Code:

