Summerset Group Holdings Limited
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13 AUGUST 2019

STOCK EXCHANGE ANNOUNCEMENT

SUMMERSET GROUP HOLDINGS LIMITED (SNZ) 2019 INTERIM FINANCIAL STATEMENTS AND HALF YEAR REPORT

The following are attached in relation to Summerset's 2019 interim results and half year report:

- Media release;
- Results presentation;
- Half year report (including interim financial statements for the six months ended 30 June 2019 and Ernst & Young's review report);
- NZX Results Announcement;
- NZX Distribution Notice (as required by NZX Listing Rule 3.14.1) detailing the interim dividend of NZ 6.4 cents per ordinary share to be paid on 9 September 2019 to those shareholders on the company's share register as at 5pm 27 August 2019. 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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MEDIA RELEASE

13 AUGUST 2019

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

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

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

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

"Ellerslie and Hobsonville were our top sellers this half despite the slower Auckland housing market," Mr Cook said.

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

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

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

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

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

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

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

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

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

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

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

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

Summerset continues to explore expansion across the Tasman.

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

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

ENDS

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ABOUT SUMMERSET

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

Half year results presentation

Six months ended 30 June 2019

Summerset Group Holdings Limited

13 August 2019

Summerset

Agenda

1. 1H19 result highlights
2. Business overview
3. Financial results
4. Interim dividend
5. Appendix

1H19 result highlights

1H19 result highlights

Underlying profit up 6% from 1H18

		1H19	1H18	*Variance*	FY18
Financial (NZ$m)	Net profit before tax (IFRS)	92.1	97.2	*-5%*	216.2
	Net profit after tax (IFRS)	92.6	96.4	*-4%*	214.5
	Underlying profit*	47.8	45.2	*6%*	98.6
	Total assets	3,028	2,451	*24%*	2,766
	Net operating cash flow	93.3	92.8	*1%*	217.8
Operational	New sales of occupation rights	136	145	*-6%*	339
	Resales of occupation rights	142	154	*-8%*	301
	Total sales of occupation rights	**278**	**299**	***-7%***	**640**
	New retirement units delivered	139	165	*-16%*	454

* 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

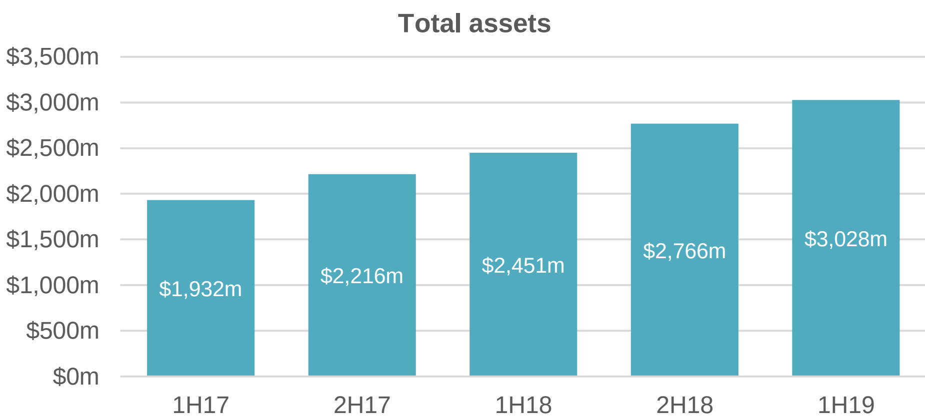
1H19 result highlights

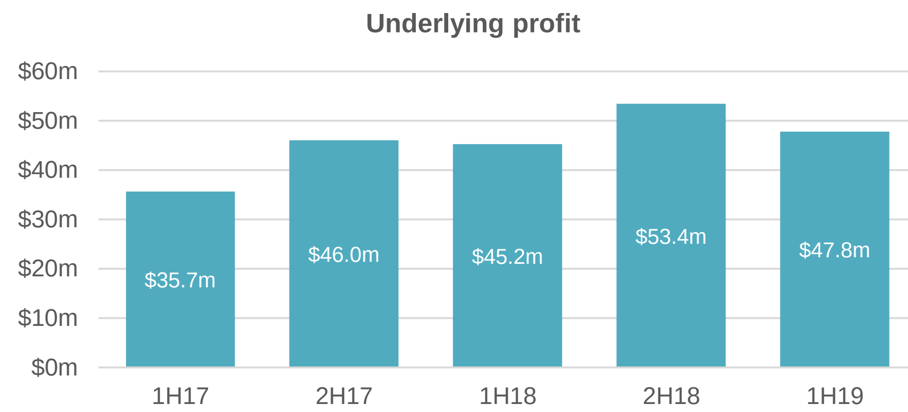
139 retirement units delivered in 1H19, total assets $3.0b

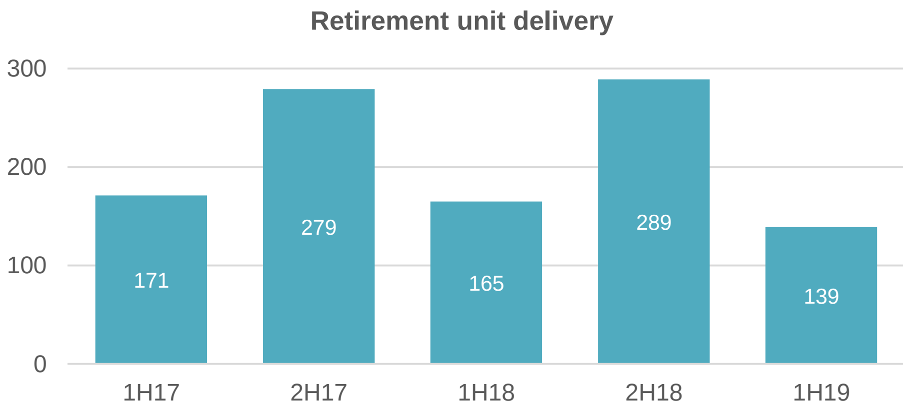
- IFRS profit after tax of $92.6m
- Underlying profit of $47.8m, up 6% on 1H18
- Delivered 139 retirement units in 1H19
- First half development margin of 28.4%
- Resale gain of 23.4% consistent with 1H18
- Operating cash flow of $93.3m
- Gearing ratio of 31.3%
- Total assets now $3.0b, up 24% on 1H18 at $2.5b
- Interim dividend of 6.4 cents per share declared
- Land bank of 4,883 retirement units to support a lift in average build rate of 600 retirement units in the next two to three years

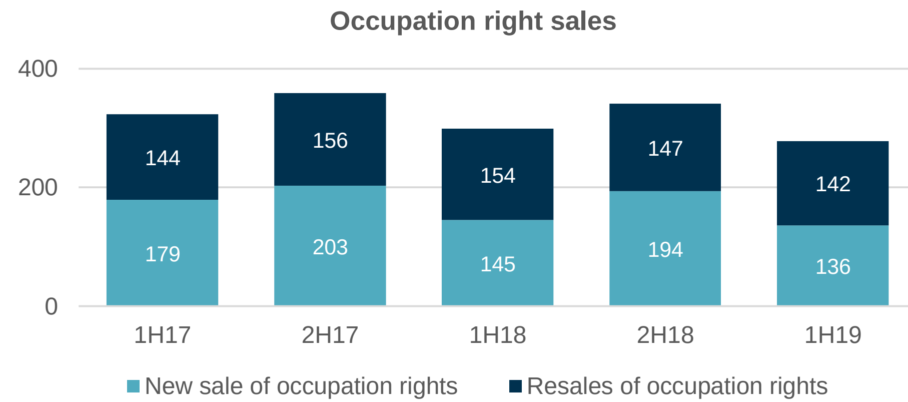
1H19 result highlights

Strong first half underlying profit result of $47.8m









Business overview

Summerset snapshot

Diversified portfolio throughout New Zealand

- 22 years of consistent delivery and growth
- Total assets have grown almost five times since listing on the NZX in 2011
- Portfolio of 3,871 retirement units (villas, apartments, serviced apartments and memory care apartments) and 858 care beds
- More than 5,300 residents
- 28 villages completed or under development
- Six new greenfield sites at Blenheim (Marlborough), Cambridge (Waikato), Rangiora (Canterbury), Whangarei (Northland), Milldale (Auckland) and Waikanae (Kapiti Coast)
- An additional 1.3 hectares of land in Hobsonville purchased to expand our existing site
- Largest New Zealand land bank for a retirement village operator of 4,883 retirement units as at 30 June 2019

1H19 review

139 retirement units delivered, underlying profit of $47.8m*

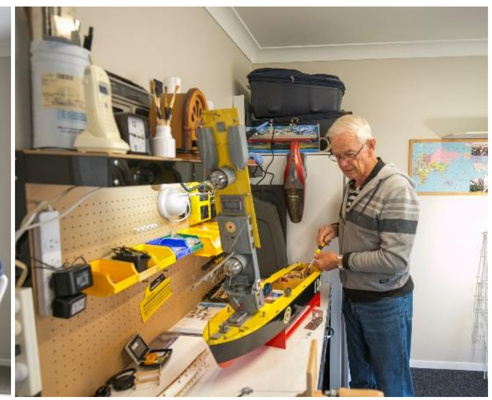
- Completed Warkworth village
- Obtained resource consent for Papamoa Beach (Tauranga), which was also blessed by local iwi
- Announced six new land acquisitions in Blenheim (Marlborough), Cambridge (Waikato), Rangiora (Canterbury), Whangarei (Northland), Milldale (Auckland), Waikanae (Kapiti Coast) and purchased additional land to expand our Hobsonville village
- Delivered 139 retirement units and on track to deliver our planned 350 retirement units in FY19. We have also progressed our new concept main buildings at Casebrook and Rototuna totalling 152 deliveries in early 2020
- Became the first retirement village operator in New Zealand to achieve CarboNZero certification
- Scott Scoullar named 2019 NZ CFO of the Year
- Summerset Scene was awarded merit in the publications category of the International Association of Business Communicators' Gold Quill Awards
- Our appeal to the Environment Court on the St John’s resource consent is to be heard in September 2019 and currently awaiting Environment Court hearing result for our proposed Lower Hutt village

* 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

- 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
- Currently seeking land in the greater Melbourne area, Australia



First NZ retirement group carboNZero certified

Providing sustainability to the environment and community

- Summerset became the first New Zealand CarboNZero certified retirement village group and received the first CEMARS (Certified Emissions Measurement and Reduction Scheme) certification for a retirement village group in 2018 in New Zealand
- Summerset has also signed up to the Climate Leaders Coalition, joining more than 100 of New Zealand's business leaders to tackle climate change and reduce carbon emissions in New Zealand
- Our newest sponsorship is The Brook Waimarama Sanctuary in Nelson, the South Island's largest pest-free sanctuary and Summerset is proud to play a role in supporting this amazing space. The sanctuary is home to the Nelson green gecko, crayfish, bellbirds, fantails, tomtits and many more native species

CLIMATE LEADERS COALITION
ON A MISSION TO REDUCE EMISSIONS IN NEW ZEALAND

carboNZero Cert TM
ISO 14064-1 • certified organisation

THE Brook Waimarama Sanctuary
NELSON NEW ZEALAND

Business update

Residents engage with technology and the local community

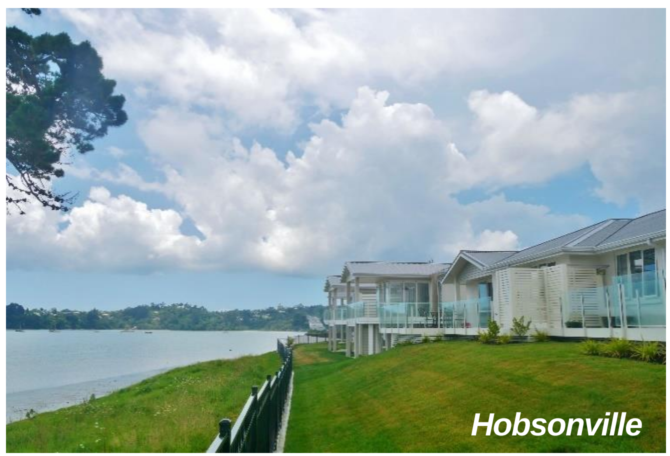
- We have launched the Community Connect pilot, an initiative to help our residents solve their tech problems with the help of local school students. As well as supporting our residents with their IT needs, the initiative also hopes to foster local community and intergenerational connections
- Our new care centre in Hobsonville gained a four year certification. Wanganui also achieved four year certification, joining an ever increasing number of certified facilities as we continually improve our quality systems
- First Summerset Graduate Nurse Scholarship awarded, to support Massey University students with their clinical placements
- Summerset Connect was launched, with events attended by over 1,200 residents and members of the public to hear guest speakers talk within Summerset villages
- We have partnered with Dementia NZ to host public talks in many of our villages to build awareness and reduce stigma associated with the disease
- Held the inaugural Clinical Nurse Leader forum, for our Clinical Nurse Leaders to network, share ideas and experiences from their roles






1H19 development activity

Delivery of 139 retirement units in 1H19 across six sites



1H19 development activity

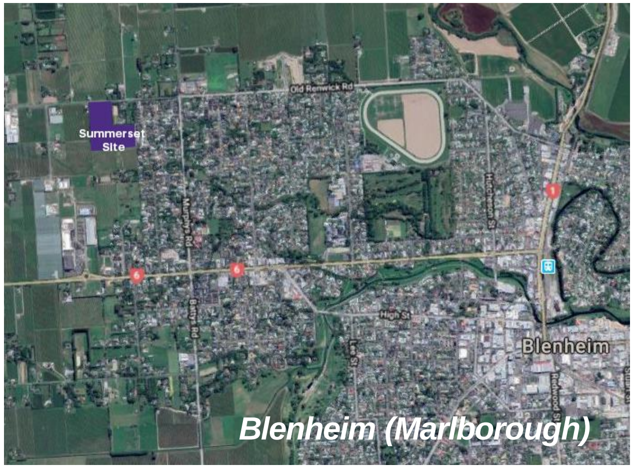
Delivery of 139 retirement units in 1H19 across six sites

Unit delivery 1H19	Villas	Apartments	Serviced apartments	Total retirement units	Total care beds
Avonhead	29	-	-	29	-
Casebrook	31	-	-	31	-
Ellerslie	-	2	-	2	-
Hobsonville	8	8	4	20	-
Rototuna	34	-	-	34	-
Warkworth	23	-	-	23	-
Total	**125**	**10**	**4**	**139**	**-**

- 139 retirement units were delivered across six villages and on track to deliver 350 retirement units in FY19
- Completion of Warkworth village
- Hobsonville in final stages of existing site with continued development on the newly acquired 1.3 hectares to expand the site
- Started construction on villages in Kenepuru (Wellington), Papamoa Beach (Tauranga) and Te Awa (Napier)
- Well progressed on new concept main buildings in Rototuna and Casebrook for delivery of 152 retirement units in early 2020

New land sites acquired

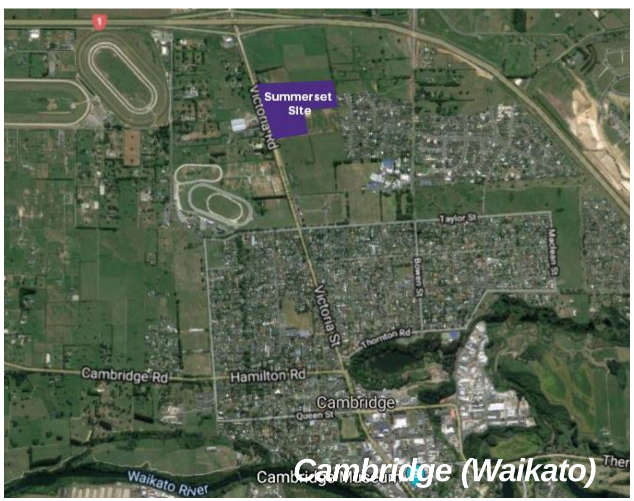
Six new land sites acquired in 1H19



Blenheim (Marlborough)

Whangarei (Northland)

Milldale (Auckland)



Cambridge (Waikato)

Rangiora (Canterbury)

Waikanae (Kapiti Coast)

Development pipeline

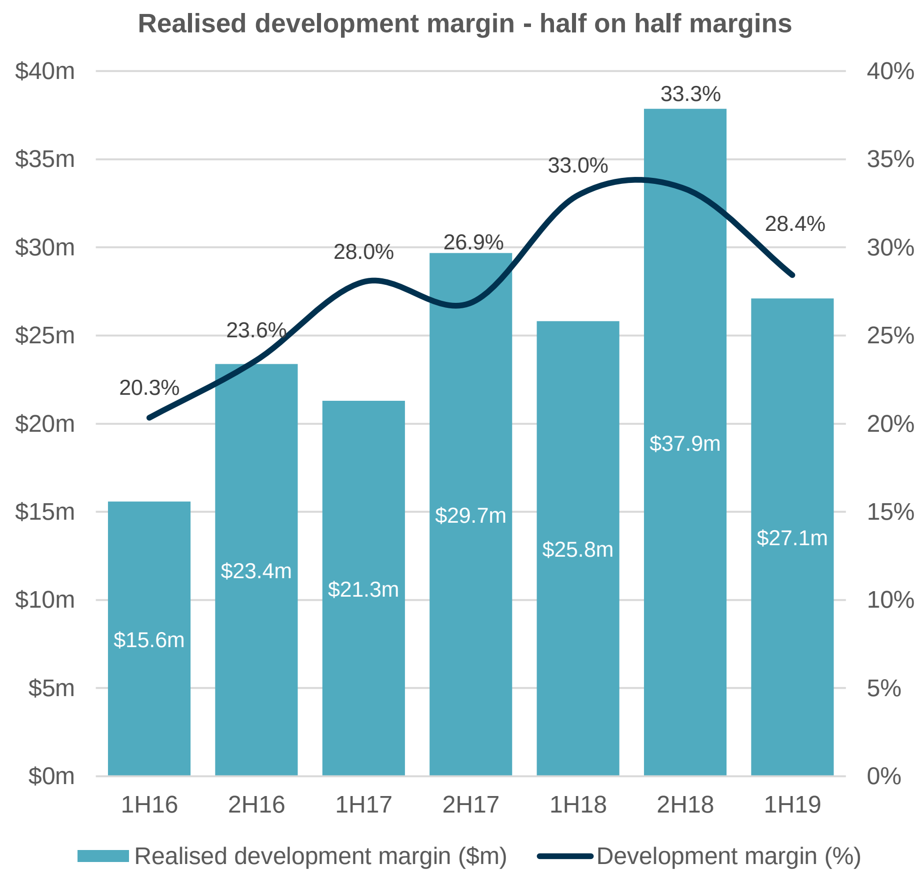
Villages	Design	Consenting	Construction	Village open	Final stages
Hobsonville, Auckland	●	●	●	●	●
Ellerslie, Auckland	●	●	●	●	
Rototuna, Hamilton	●	●	●	●	
Casebrook, Christchurch	●	●	●	●	
Avonhead, Christchurch	●	●	●	●	
Richmond, Tasman	●	●	●		
Kenepuru, Wellington	●	●	●		
Te Awa, Napier	●	●	●		
Papamoa Beach, Tauranga	●	●	●		
St John's, Auckland	●	●			
Lower Hutt, Wellington	●	●			
Pohutukawa Place, New Plymouth	●	●			
Parnell, Auckland	●				
Waikanae, Kapiti*	●				
Milldale, Auckland*	●				
Cambridge, Waikato*	●				
Rangiora, Canterbury*	●				
Whangarei, Northland*	●				
Blenheim, Marlborough*	●				

* New sites purchased.

Development margin

First half realised margin of $27.1m with a 28.4% development margin

- First half realised margin of $27.1m up 5% from $25.8m in 1H18
- Development margin of 28.4% achieved in 1H19
- Sales of new occupation rights were split 60% in the Auckland region villages and 40% across the rest of our developing villages
- Each developing village maintained consistent development margins by product type
- Over the medium to long term we expect development margins to be approximately 20% to 25%

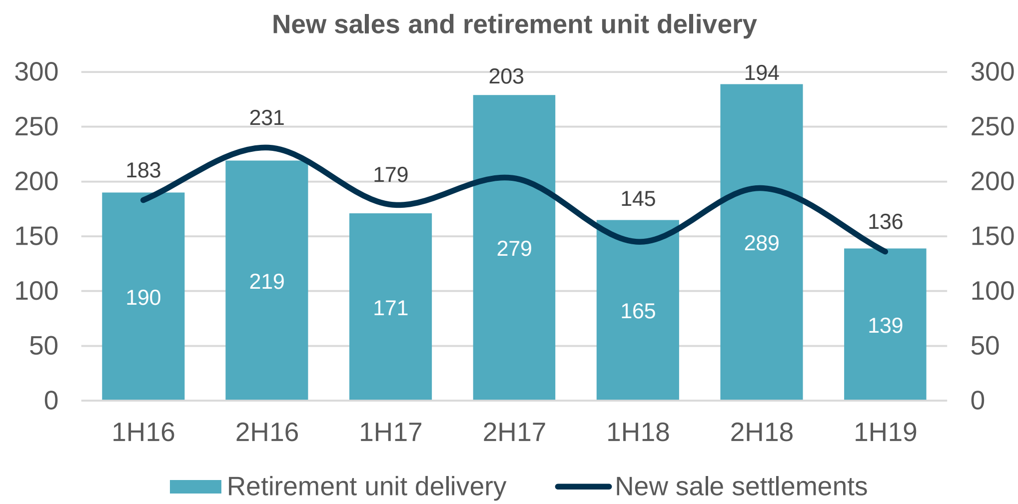


New sales of occupation rights

Gross proceeds of $95.3m, up 22%

- 136 new sales of occupation rights in 1H19
- Gross proceeds were up 22% from 1H18
- Average gross proceeds per new sale settlement of $701k, up from $540k in 1H18
- Serviced apartments and apartments new sales increased 38% in total from 1H18
- We continue to see strong demand for our product with consistent waitlist numbers across our villages over the past year

New sales	1H19	1H18	*Variance*	FY18
Gross proceeds ($m)	95.3	78.3	*22%*	192.0
Villas	71	97	*-27%*	235
Apartments	37	7	*429%*	16
Serviced apartments	28	40	*-30%*	87
Memory care apartments	0	1	*-100%*	1
Total occupation rights	**136**	**145**	***-6%***	**339**

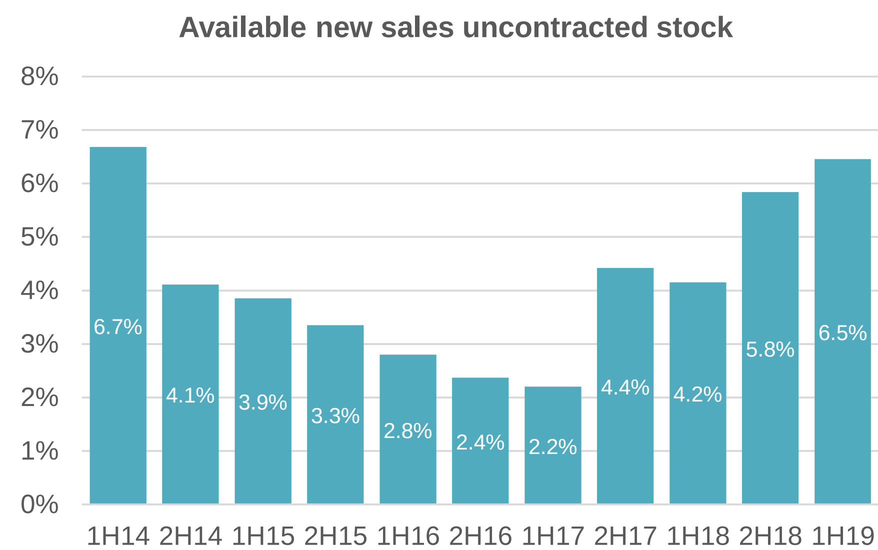


New sales stock

New sales stock remains historically low on a relative basis

- Total new sales stock is consistent with FY18, with 322 in stock compared to 319 six months ago
- 30% reduction on serviced and memory care apartments uncontracted stock from FY18
- Significant amount of villa deliveries in May and June have increased uncontracted villa stock in 1H19

New sales stock	1H19	FY18	1H18
Contracted	72	101	81
Uncontracted	250	218	143
Total new sales stock	**322**	**319**	**224**
Contracted	43	45	55
Uncontracted	158	102	62
Villas	**201**	**147**	**117**
Contracted	14	38	5
Uncontracted	44	47	7
Apartments	**58**	**85**	**12**
Contracted	15	18	21
Uncontracted	48	69	74
Serviced & memory care apartments	**63**	**87**	**95**

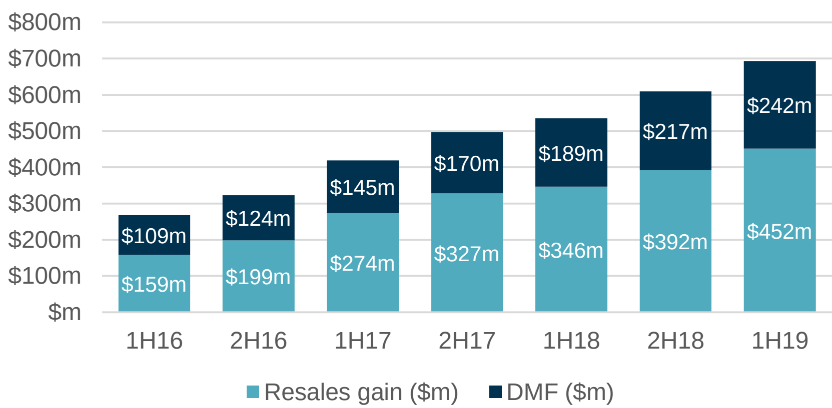


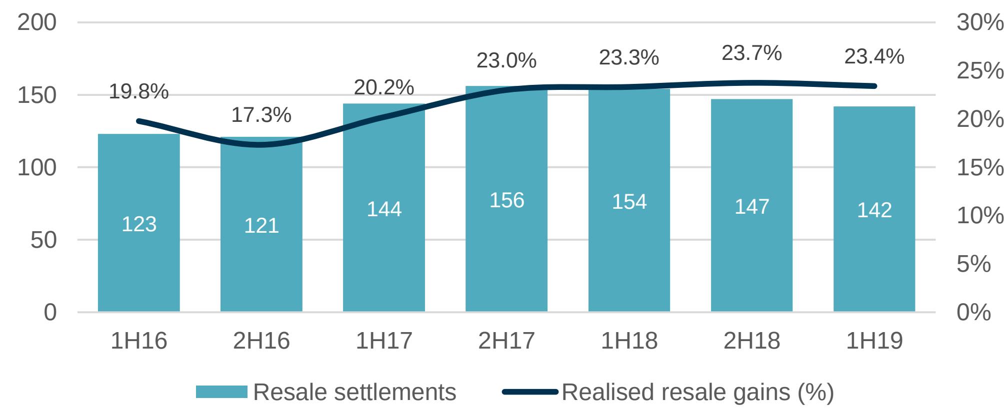
Resales of occupation rights

Record embedded value

- Realised resale gain remains consistent across at 23.4% compared to 23.3% 1H18
- Resales of 142 occupation rights in 1H19
- Average gross proceeds per resale settlement of $430k, up from $415k in 1H18
- Embedded value of $179k per retirement unit, as at 30 June 2019, up from $156k as at 30 June 2018
- Embedded resale gain of $117k per retirement unit, up from $101k as at 30 June 2018

Resales	1H19	1H18	*Variance*	FY18
Gross proceeds ($m)	61.1	64.0	*-4%*	122.2
Realised resale gains ($m)	14.3	14.9	*-4%*	28.7
Realised resale gains (%)	23.4%	23.3%	*0%*	23.5%
DMF realisation ($m)	8.0	7.7	4%	15.0
Villas	72	86	*-16%*	163
Apartments	10	22	*-55%*	48
Serviced apartments	59	45	*31%*	87
Memory care apartments	1	1	-	3
Total occupation rights	**142**	**154**	***-8%***	**301**



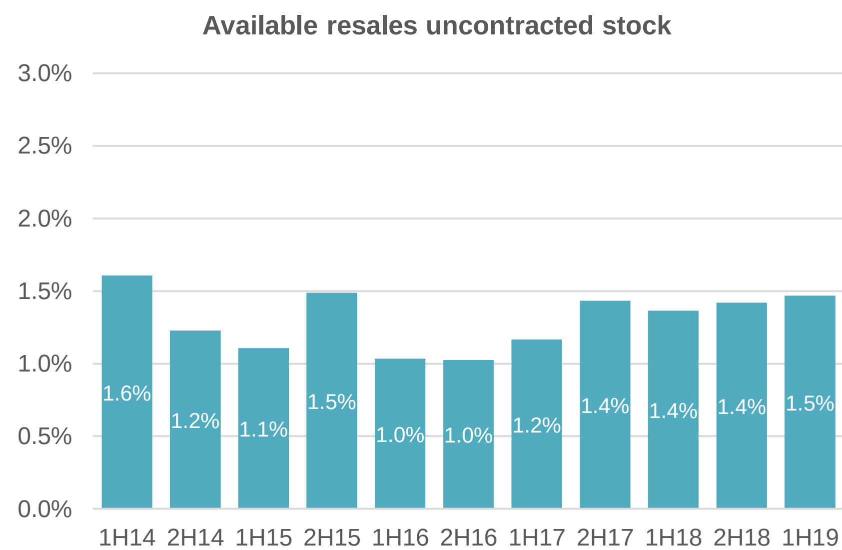


Resales stock

Resales stock levels remain low despite growing portfolio

- Resales stock remains low with 66 retirement units under contract and 59 retirement units uncontracted at 1H19
- Uncontracted resales stock as a percentage of the portfolio has remained stable over the last five years
- We continue to see good demand for resale retirement units across all villages. On average only ~2 uncontracted retirement units per village

Resales stock	1H19	1H18	FY18
Contracted	66	56	58
Uncontracted	59	47	53
Total resales stock	**125**	**103**	**111**
Contracted	42	28	27
Uncontracted	28	25	33
Villas	**70**	**53**	**60**
Contracted	5	8	6
Uncontracted	11	2	3
Apartments	**16**	**10**	**9**
Contracted	19	20	25
Uncontracted	20	20	17
Serviced & memory care apartments	**39**	**40**	**42**



Financial results

1H19 reported profit (IFRS)

1H19 net profit after tax of $92.6m

- IFRS NPAT of $92.6m for 1H19, driven by fair value movement in investment property of $85.7m
- Total revenue of $74.0m, up 13% relative to 1H18
- Total expense growth for the period is 9%, significantly lower than the average growth over the last three years of 25%
- Total expenses relative to 2H18 have fallen by $2.5m
- Total expenses were up $5.0m with the two largest drivers being:
    - Growing occupancy at Ellerslie and Hobsonville care centres along with a growing portfolio
    - Pay increases of $2.5m, largely driven by increases to Caregivers and Registered Nurses, which is partially funded by Government
- Expenses have benefited from $2.0m of savings being delivered through prudent cost management and completing projects
- Net finance costs of $6.8m are up $1.4m on 1H18 in line with increase in debt levels

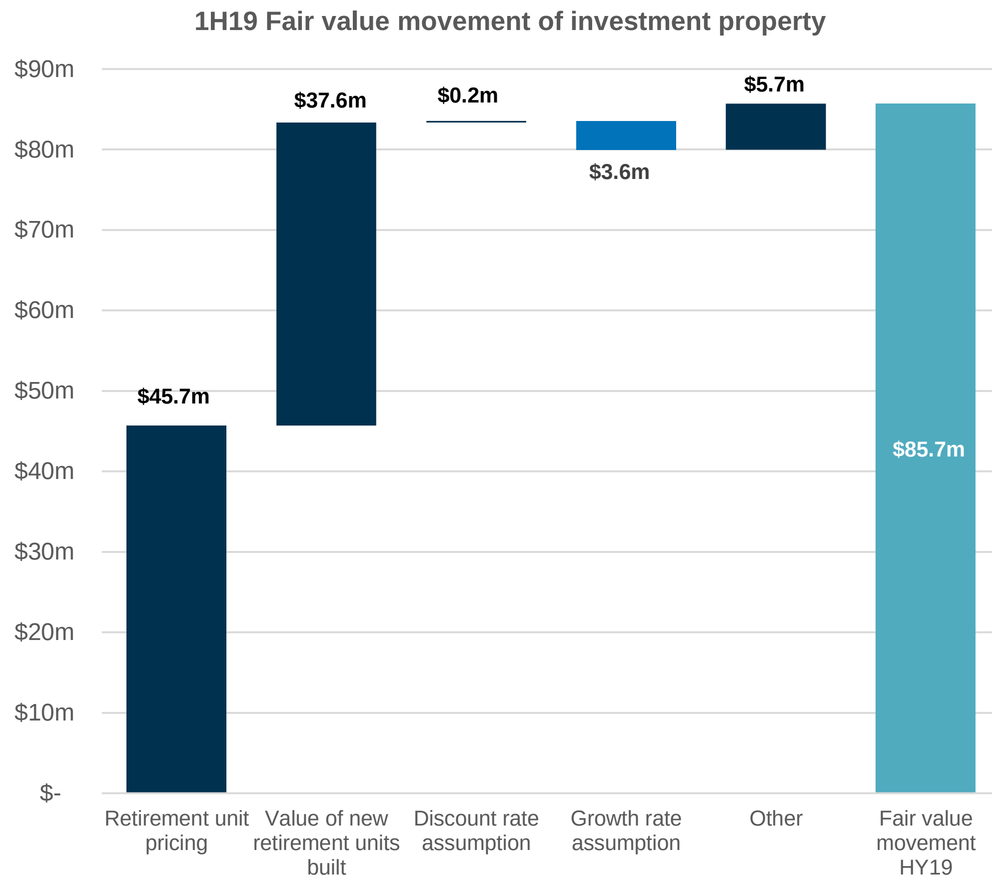
NZ$m	1H19	1H18	*Variance*	FY18
Total revenue	74.0	65.7	*13%*	137.0
Fair value movement of investment property	85.7	92.8	*-8%*	209.9
Total income	**159.7**	**158.4**	***1%***	**346.9**
Total expenses	60.8	55.8	*9%*	119.1
Net finance costs	6.8	5.4	*27%*	11.6
Net profit before tax	**92.1**	**97.2**	***-5%***	**216.2**
Tax expense / (credit)	(0.5)	0.8	*-162%*	1.7
Net profit after tax	**92.6**	**96.4**	***-4%***	**214.5**

** Fair value movement of investment property has been restated for 2018. Refer to note 1 comparative information in the financial statements for further details.*

Fair value movement

$85.7m fair value movement of investment property

- Fair value movement of $85.7m, down 8% on 1H18 primarily driven by a reduction of 26 retirement unit deliveries, approximately $7m impact
- Fair value movement for 1H19 comprised of:
  - Increase in retirement unit pricing ($45.7m): retirement unit price inflation on existing retirement units within the portfolio resulting in uplift in operator's interest
  - New retirement units built ($37.6m): value of new retirement units delivered in 1H19
  - Discount rates ($0.2m) and growth rates ($3.6m): change in assumptions used by valuer
  - Other movements ($5.7m): changes in all other valuation assumptions
- Refer to the appendices (slide 37 and 38) for key assumptions associated with the investment property valuation



** Fair value movement of investment property has been restated for 2018. Refer to note 1 comparative information in the financial statements for further details.*

1H19 underlying profit

Underlying profit up 6% on 1H18, 36% CAGR over last eight years

- 1H19 underlying profit of $47.8m, up 6% on 1H18
- Uplift in underlying profit principally driven by the maturing nature of our operating business and strong margins on sales
- Realised development margin of $27.1m achieved in 1H19, up from $25.8m in 1H18
- Realised gain on resales of $14.3m achieved in 1H19, driven by Summerset's diversified portfolio across regions with good price appreciation
- Underlying profit has seen a compounded annual growth rate (CAGR) increase of 36% since listing on the NZX in 2011

NZ$m	1H19	1H18	*Variance*	FY18
Care fees and village services	48.8	43.3	*13%*	91.2
Deferred management fees	25.1	22.3	*12%*	45.6
Realised gain on resales	14.3	14.9	*-4%*	28.7
Realised development margin	27.1	25.8	*5%*	63.7
Other income & interest received	0.2	0.1	*165%*	0.2
Total income	**115.4**	**106.4**	***8%***	**229.4**
Operating expenses	56.9	52.9	*8%*	112.4
Depreciation and amortisation	3.9	2.9	*35%*	6.7
Net finance costs	6.8	5.4	*27%*	11.6
Total expenses	**67.6**	**61.2**	***11%***	**130.8**
Underlying profit	**47.8**	**45.2**	***6%***	**98.6**

Underlying profit is a non-GAAP measure and differs from NZ IFRS profit for the period. Underlying profit does not have a standardised meaning prescribed by GAAP and therefore may not be comparable to similar financial information presented by other entities. The Directors have provided an underlying profit measure in addition to IFRS profit to assist readers in determining the realised and unrealised 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 a measure which the Group uses consistently across reporting periods. Underlying profit is used to determine the dividend pay-out to shareholders.

1H19 cash flows

New sale receipts up 18%

- Net operating business cash flows of $4.2m impacted by
  - One-off change in policy to repay outgoing residents when residents internal to the village transfer into their retirement units. These previously were not repaid until transferring residents' retirement units were on-sold. Typically 15-20 retirement units across the portfolio in this situation at any point in time
  - Resales volumes being 12 retirement units lower half on half, impacting net operating business cashflows by a further $2m
- Have seen a consistent maturing net operating cash flow since listing with a 20% CAGR
- Gross receipts from new sales were up 18% on 1H18 despite lower sales volumes, 136 in 1H19 compared to 145 in 1H18
- Investing cash flows have increased 11% on 1H18 driven by construction of new villages
- Refurbishment cost increase driven by programmed upgrade of a number of older village main centres and care centres

NZ$m	1H19	1H18	*Variance*	FY18
Net operating business cash flow	4.2	17.1	*-76%*	30.5
Receipts for residents' loans - new sales	89.2	75.7	*18%*	187.3
Net operating cash flow	**93.3**	**92.8**	***1%***	**217.8**
Sale / (purchase) of land	1.4	(2.0)	*-171%*	(54.7)
Construction of new IP & care facilities	(102.5)	(89.1)	*15%*	(213.7)
Refurb of existing IP & care facilities	(4.1)	(2.6)	*58%*	(6.4)
Other investing cash flows	(1.9)	(4.1)	*-54%*	(6.2)
Capitalised interest paid	(5.4)	(4.0)	*37%*	(9.3)
Net investing cash flow	**(112.5)**	**(101.8)**	***11%***	**(290.4)**
Net proceeds from borrowings	37.8	31.4	*20%*	103.7
Net dividends paid	(10.0)	(9.9)	*1%*	(17.8)
Other financing cash flows	(7.0)	(5.4)	*30%*	(13.4)
Net financing cash flow	**20.8**	**16.2**	***29%***	**72.5**

1H19 balance sheet

Total assets of $3.0b, up 24% from $2.5b in 1H18

- Total assets of $3.0b, up 24% on 1H18
- Retained earnings have increased from $590m as at 1H18 to $770m as at 1H19. This continues to positively impact balance sheet strength and company gearing ratios
- Investment property valuation of $2.8b, up 24% on 1H18
- Other assets include land and buildings (primarily care centres). Care centres were valued as at 31 December 2017 (three yearly cycle), with the new Hobsonville care centre recorded at cost and tested for impairment in FY18
- Record NTA of 470.5 cents per share
- Embedded value of $693.5m, $179k per retirement unit, as at 30 June 2019:
  - $451.7m resale gains
  - $241.8m deferred management fees

NZ$m	1H19	1H18	*Variance*	FY18
Investment property *	2,824	2,269	*24%*	2,585
Other assets	204.0	181.4	*12%*	181.3
Total assets	**3,028**	**2,451**	***24%***	**2,766**
Residents' loans	1,206	1,037	*16%*	1,136.8
Face value of bank loans & bonds**	489.3	379.3	*29%*	451.5
Other liabilities	278.3	162.5	*71%*	199.3
Total liabilities	**1,974**	**1,579**	***25%***	**1,788**
Net assets***	**1,054**	**871.4**	***21%***	**978.8**
Embedded value	***693.5***	***535.4***	***23%***	***609.1***
NTA (cents per share)	***470.5***	***391.9***	***20%***	***438.4***

** Investment property has been restated for 2018. Refer to note 1 comparative information in the financial statements for further details.*

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

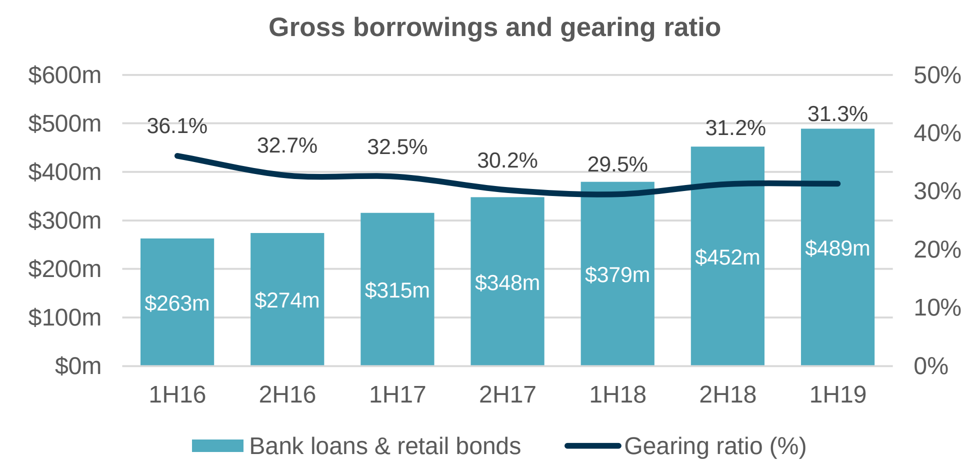
**** Net assets includes share capital, reserves, and retained earnings.*

Gearing ratio

Gross debt of $489.3m** and gearing ratio of 31.3%

- Gross debt of $489.3m as at 30 June 2019, up $110.1m from 30 June 2018
- Uplift in gross debt driven by construction spend and land acquired in 2H18
- Bank facility of $500.0m with undrawn capacity of $235.7m at 30 June 2019
- Retail bonds total $225.0m at as 30 June 2019

NZ$m	1H19	1H18	*Variance*	FY18
Face value of bank loans & retail bonds **	489.3	379.3	0.3	451.5
Cash and cash equivalents	(9.1)	(14.7)	(0.4)	(7.5)
Net debt	**480.2**	**364.5**	**32%**	**444.0**
Net assets*	**1,054**	**871.4**	**21%**	**978.8**
Gearing ratio (%)***	**31.3%**	**29.5%**	**6.1%**	**31.2%**
Bank & bond LVR (%)***	**32.8%**	**31.4%**	**-0.4%**	**32.3%**



** Net assets (through investment property) have been restated for 2018. Refer to note 1 comparative information in the financial statements for further details.*

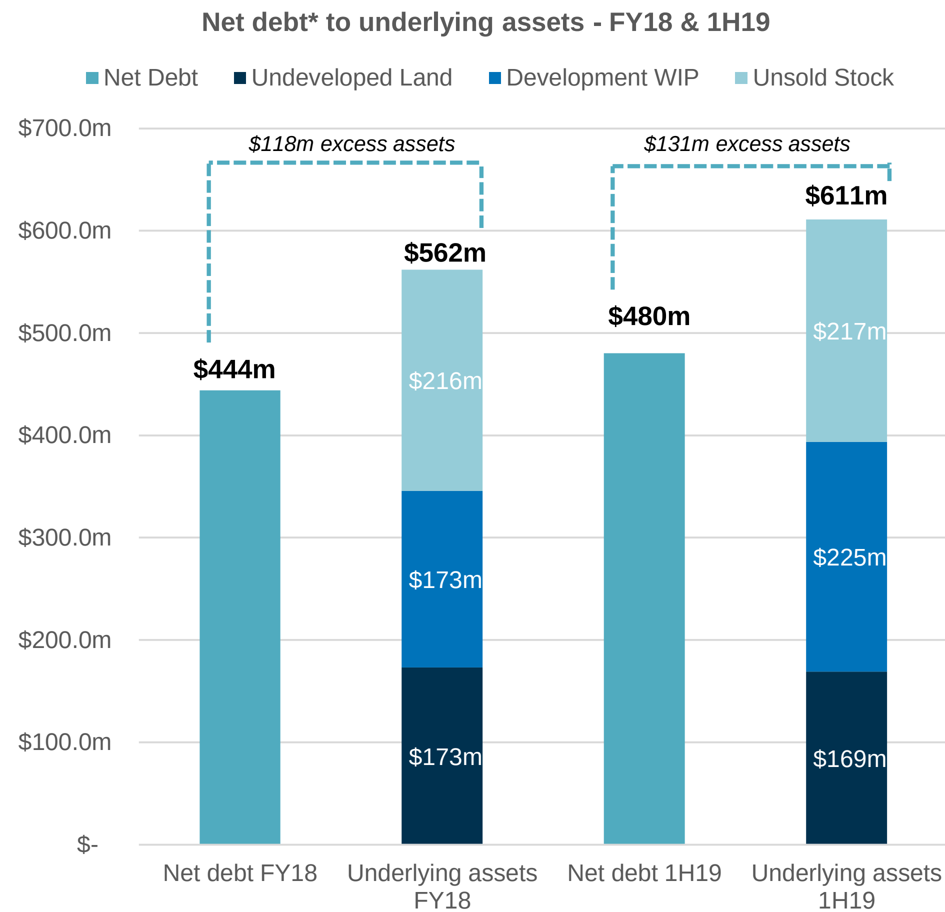
*** Face value of drawn bank debt and retail bonds. Excludes capitalised and amortised bond issue costs, and fair value movement on hedged borrowings*

**** 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)*

Composition of drawn debt

Strong asset backing to net debt

- Development projects are debt funded. Development assets exceed the value of net debt by $211m and 44%. This has lifted by $93m or 79% from December 2018
- All debt is associated with development activities
- Development assets could be realised to reduce debt
- Total underlying assets of $611m are made up of:
    - Undeveloped land of $169m
    - Development WIP of $225m
    - Vacant new sale stock of $217m



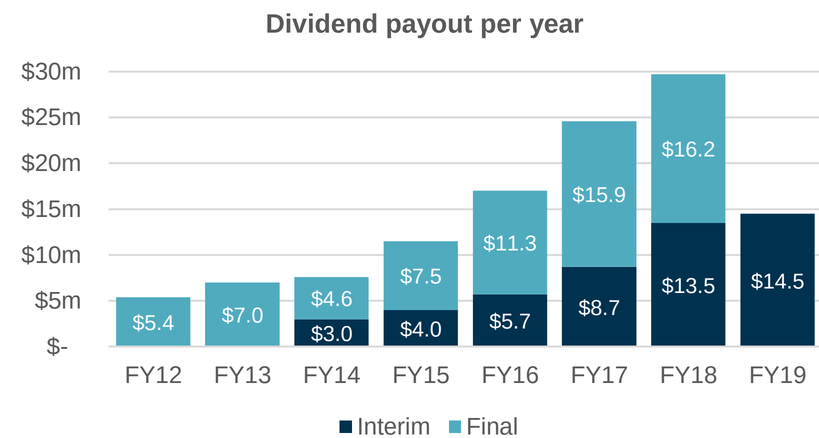
** Face value of drawn bank debt and retail bonds less cash on hand*

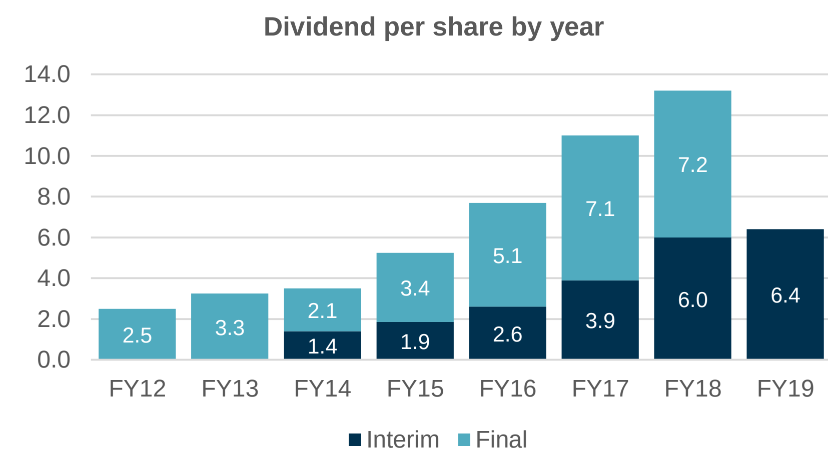
Interim dividend

1H19 interim dividend

Declared 1H19 interim dividend of 6.4 cents per share

- The Board has declared an interim dividend of 6.4 cents per share, unimputed. This compares to a 2018 interim dividend of 6.0 cents per share
- This represents a pay-out for the first half of 2019 of approximately $14.5 million and is 30% of 1H19 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 28 August 2019. Any applications received on or after this time will be applied to subsequent dividends
- The interim dividend will be paid on Monday 9 September 2019. The record date for final determination of entitlements to the interim dividend is Tuesday 27 August 2019
- 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

9 year metrics summary

Underlying profit 8 year CAGR of 36%

	Half Year Results	8 Year CAGR*	1H19	2H18	1H18	2H17	1H17	2H16	1H16	FY11
Operational	New sales of occupation rights	12%	136	194	145	203	179	231	183	108
	Resales of occupation rights	11%	142	147	154	156	144	121	123	123
	Total sales	**12%**	**278**	**341**	**299**	**359**	**323**	**352**	**306**	**231**
	New retirement units delivered	11%	139	289	165	279	171	219	190	122
	Retirement units in portfolio	13%	3,871	3,732	3,443	3,278	2,999	2,828	2,609	1,486
	Care beds in portfolio	13%	858	858	858	806	748	748	621	327
Financial	Total revenue ($m)	20%	74.0	71.3	65.7	59.8	50.7	46.0	40.0	33.7
	Net profit after tax ($m)	60%	92.6	118.1	96.4	133.2	90.3	94.9	50.6	4.3
	Underlying profit** ($m)	36%	47.8	53.4	45.2	46.0	35.7	31.9	24.7	8.1
	Net operating cash flow ($m)	20%	93.3	217.8	92.8	121.3	86.4	108.2	84.4	43.7
	Total assets ($m)	22%	3,028	2,766	2,451	2,216	1,932	1,707	1,521	616.9
	Total equity ($m)	21%	1,054	978.8	871.4	785.8	627.6	545.6	448.7	233.4
	Interest bearing loans and borrowings ($m)	28%	499.8	452.8	379.7	347.2	315.3	274.0	262.7	69.1
	Cash and cash equivalents ($m)	0%	9.1	7.5	14.7	7.6	13.1	8.7	9.4	9.0
	Gearing ratio (Net D/ Net D+E)	5%	31.3%	31.2%	29.5%	30.2%	32.5%	32.7%	36.1%	20.5%
	EPS (cents) (IFRS profit)	56%	41.66	53.48	43.76	60.86	41.37	43.6	23.3	2.39
	NTA (cents)	20%	470.47	438.44	391.86	347.56	285.72	249.9	206.1	109.3
	Development margin (%)	21%	28.4%	33.3%	33.0%	26.9%	28.0%	23.6%	20.3%	6.2%

** Compound annual growth rate*

*** 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*

1H19 underlying profit reconciliation

Reconciliation of underlying profit to reported net profit after tax

NZ$m	1H19	1H18	*Variance*	FY18
Reported net profit after tax	**92.6**	**96.4**	***-4%***	**214.5**
Less fair value movement of investment property	(85.7)	(92.8)	*-8%*	(209.9)
Add realised gain on resales	14.3	14.9	*-4%*	28.7
Add realised development margin	27.1	25.8	*5%*	63.7
Add/(less) deferred tax expense/credit	(0.5)	0.8	*-162%*	1.7
Underlying profit	**47.8**	**45.2**	***6%***	**98.6**

Underlying profit is a non-GAAP measure and differs from NZ IFRS profit for the period. Underlying profit does not have a standardised meaning prescribed by GAAP and therefore may not be comparable to similar financial information presented by other entities. The Directors have provided an underlying profit measure in addition to IFRS profit to assist readers in determining the realised and unrealised 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 a measure which the Group uses consistently across reporting periods. Underlying profit is used to determine the dividend pay-out to shareholders.

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	143.5	1.1	13.50%	0.0%	1.0%	2.5%	3.0%	3.5%
Summerset by the Lake	Taupo	59.4	3.6	15.75%	0.0%	0.5%	1.5%	2.5%	3.5%
Summerset in the Bay	Napier	69.3	1.2	14.00%	0.0%	1.0%	2.0%	2.5%	3.5%
Summerset in the Orchard	Hastings	78.2	4.9	15.00%	0.0%	0.5%	1.0%	2.5%	3.5%
Summerset in the Vines	Havelock North	61.0	2.3	14.75%	0.0%	1.0%	2.0%	2.5%	3.5%
Summerset in the River City	Wanganui	29.8	1.4	16.00%	0.5%	1.0%	1.5%	2.0%	2.5%
Summerset on Summerhill	Palmerston North	47.7	2.4	14.75%	0.5%	1.0%	2.0%	2.5%	3.0%
Summerset by the Ranges	Levin	27.7	0.8	15.75%	0.5%	1.0%	1.5%	2.0%	3.0%
Summerset on the Coast	Paraparaumu	54.8	3.8	14.50%	0.5%	1.0%	2.0%	2.5%	3.5%
Summerset at Aotea	Aotea	99.3	5.0	14.25%	0.5%	1.0%	2.0%	2.5%	3.5%
Summerset in the Sun	Nelson	147.4	4.3	14.00%	0.0%	1.0%	1.0%	2.5%	3.5%
Summerset at Bishopscourt	Dunedin	47.7	0.9	14.75%	0.5%	1.0%	1.5%	2.5%	3.0%
Summerset down the Lane	Hamilton	128.7	1.2	14.00%	0.5%	1.0%	2.0%	2.5%	3.5%
Summerset Mountain View	New Plymouth	71.8	2.0	14.75%	0.0%	0.5%	1.5%	2.5%	3.0%
Summerset Falls	Warkworth	179.5	8.3	14.00%	0.5%	1.5%	2.0%	3.0%	3.5%
Summerset at Karaka	Karaka	182.1	2.4	14.25%	0.5%	1.0%	2.0%	2.5%	3.5%
Summerset at Wigram	Wigram	119.9	0.2	14.50%	0.0%	1.5%	2.0%	3.0%	3.5%
Summerset at the Course	Trentham	161.1	5.8	14.00%	0.0%	0.5%	2.0%	2.5%	3.5%
Summerset by the Sea	Katikati	94.9	0.1	15.00%	0.0%	0.5%	1.5%	2.5%	3.5%
Total for completed villages		**1,803.8**	**51.6**						

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

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 at Monterey Park	Hobsonville	250.8	9.0	14.00%	0.5%	1.0%	2.0%	2.5%	3.5%
Summerset at Heritage Park	Ellerslie	170.9	1.9	15.00%	0.0%	1.0%	2.0%	2.5%	3.5%
Summerset Rototuna	Rototuna	61.6	5.0	16.50%	0.0%	1.0%	2.0%	2.5%	3.5%
Summerset on Cavendish	Casebrook	73.1	10.2	16.25%	0.0%	1.0%	2.0%	3.0%	3.5%
Summerset Richmond	Richmond	9.8	0.1	n/a	n/a	n/a	n/a	n/a	n/a
Summerset Avonhead	Avonhead	29.0	5.5	n/a	n/a	n/a	n/a	n/a	n/a
Summerset on the Landing	Kenepuru	14.3	0.4	n/a	n/a	n/a	n/a	n/a	n/a
Summerset Te Awa	Te Awa	10.3	0.9	n/a	n/a	n/a	n/a	n/a	n/a
Summerset by the Dunes	Papamoa	22.3	0.9	n/a	n/a	n/a	n/a	n/a	n/a
Total for villages in development		**642.1**	**33.8**						
Total for proposed villages		**163.3**	**0.2**						
Total for all villages		**2,609.2**	**85.7**						

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

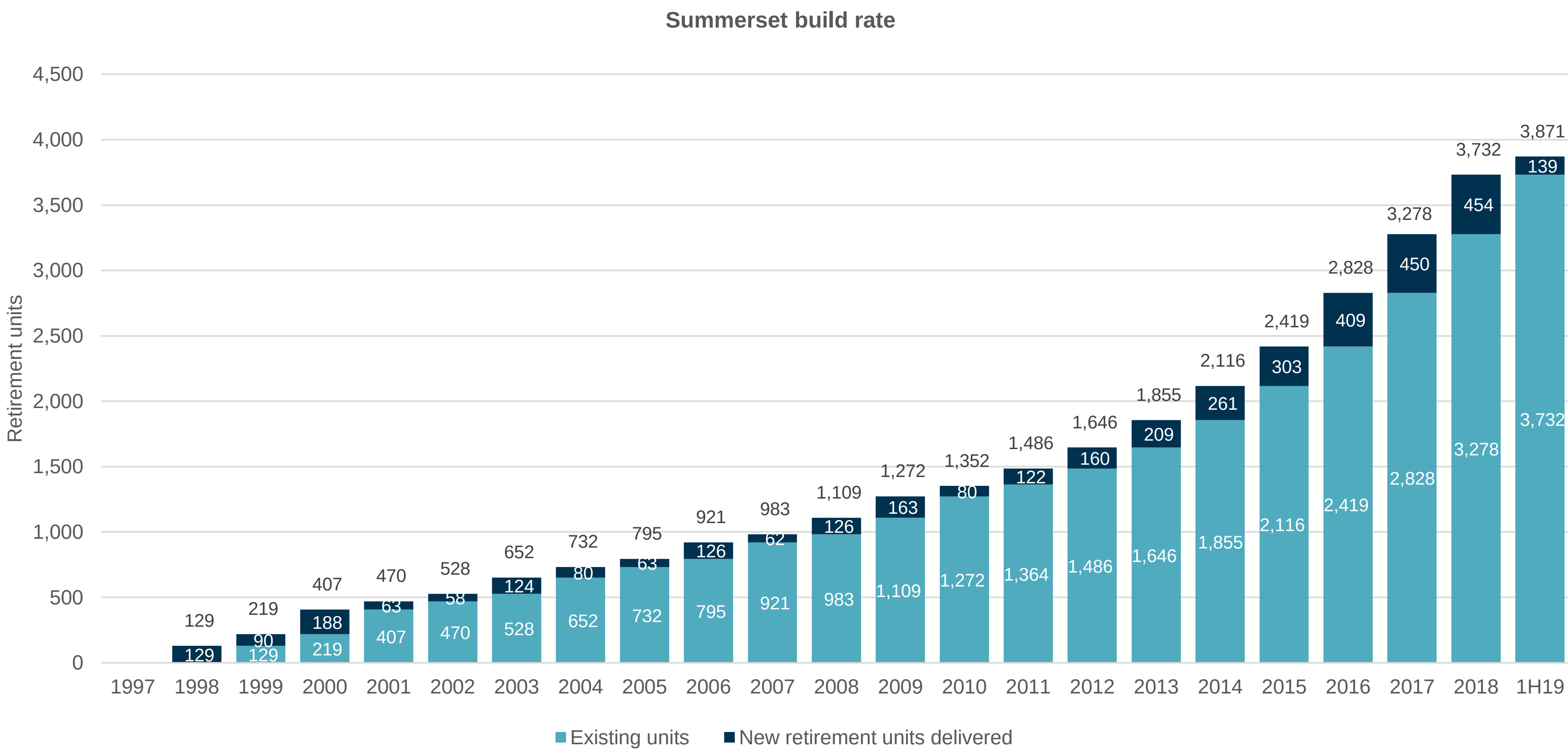
Portfolio as at 30 June 2019

3,871 retirement units and 858 care beds

Existing portfolio - as at 30 June 2019					
Village	Villas	Apartments	Serviced & memory care apartments	Total retirement units	Total care beds
Ellerslie	34	79	57	170	58
Hobsonville	125	73	52	250	52
Karaka	182	-	59	241	50
Manukau	89	67	27	183	54
Warkworth	202	2	44	248	41
Auckland	**632**	**221**	**239**	**1,092**	**255**
Hamilton	183	-	50	233	49
Rototuna	90	-	-	90	-
Taupo	94	34	18	146	-
Waikato	**367**	**34**	**68**	**469**	**49**
Katikati	156	-	20	176	49
Bay of Plenty	**156**	**-**	**20**	**176**	**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**	**22**	**298**	**122**
Aotea	96	33	38	167	-
Paraparaumu	92	22	-	114	44
Trentham	231	12	40	283	44
Wellington	**419**	**67**	**78**	**564**	**88**
Nelson	214	-	55	269	59
Nelson-Tasman	**214**	**-**	**55**	**269**	**59**
Avonhead	29	-	-	29	-
Casebrook	100	-	-	100	-
Wigram	159	-	53	212	49
Canterbury	**288**	**-**	**53**	**341**	**49**
Dunedin	61	20	20	101	42
Otago	**61**	**20**	**20**	**101**	**42**
Total	**2,803**	**453**	**615**	**3,871**	**858**

Summerset growth

22 years of consistent delivery and growth



Future development

Largest NZ land bank for retirement village operator

Landbank – as at 30 June 2019

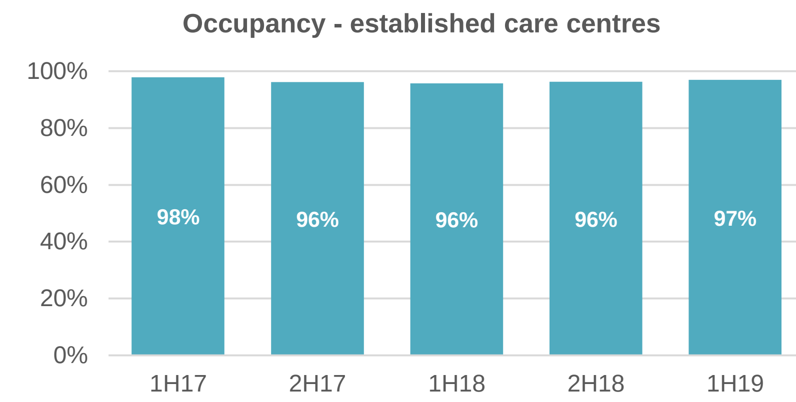
Village	Villas	Apartments	Serviced apartments	Total retirement units	Total care beds
Whangarei	214	-	76	290	43
Northland	**214**	**-**	**76**	**290**	**43**
Ellerslie	8	140	-	148	-
Hobsonville	32	-	-	32	-
Milldale	99	117	76	292	43
Parnell	-	264	76	340	48
St Johns	-	236	76	312	32
Auckland	**139**	**757**	**228**	**1,124**	**123**
Papamoa	211	-	76	287	43
Bay of Plenty	**211**	**-**	**76**	**287**	**43**
Cambridge	214	-	76	290	43
Rototuna	98	-	76	174	43
Waikato	**312**	**-**	**152**	**464**	**86**
Pohutukawa Place	222	-	76	298	43
Taranaki	**222**	**-**	**76**	**298**	**43**
Te Awa	241	-	76	317	43
Hawke's Bay	**241**	**-**	**76**	**317**	**43**
Kenepuru	114	48	106	268	43
Lower Hutt	42	109	66	217	30
Waikanae	214	-	76	290	43
Wellington	**370**	**157**	**248**	**775**	**116**
Richmond	234	-	76	310	43
Blenheim	140	-	76	216	43
Nelson	**374**	**-**	**152**	**526**	**86**
Avonhead	136	-	99	235	43
Casebrook	170	-	76	246	43
Rangiora	245	-	76	321	43
Canterbury	**551**	**-**	**251**	**802**	**129**
Total	**2,634**	**914**	**1,335**	**4,883**	**712**

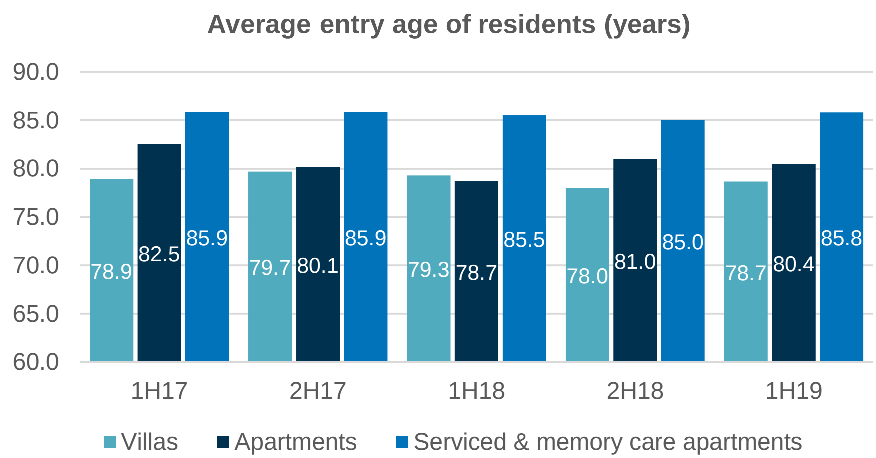
** Land bank reflects current intentions as at 30 June 2019*

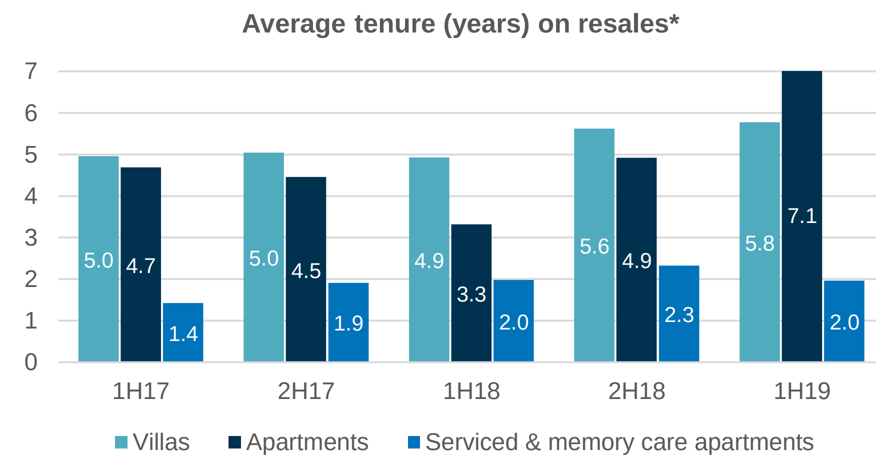
Customer profile & occupancy

Occupancy, tenure and resident demographic statistics

- Occupancy within our established care centres is stable, with an average occupancy of 97% for 1H19
- Average tenure on 1H19 resale retirement units was 5.8 years for villas, 7.1 years for independent apartments, and 2.0 years for serviced and memory care apartments. This is aligned with previous years' resale tenure results, with apartments being skewed by a small sample size of 10 resale settlements
- Average entry age on 1H19 new and resale retirement units was 79, 80 and 86 years for villas, independent apartments and serviced and memory care apartments, respectively



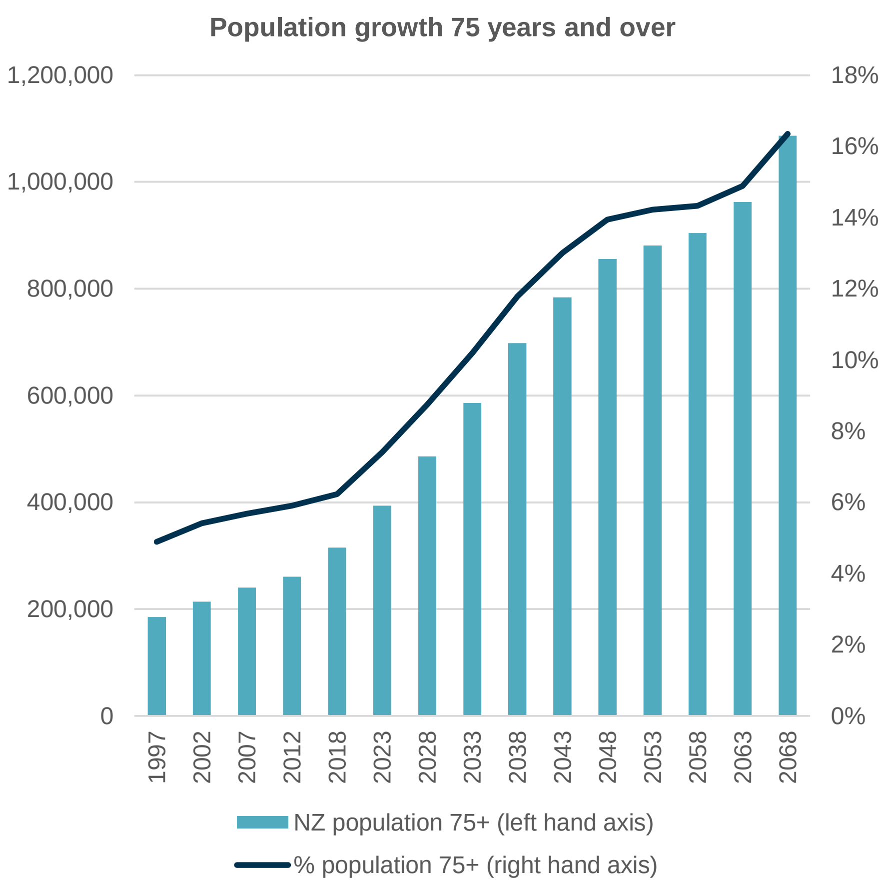


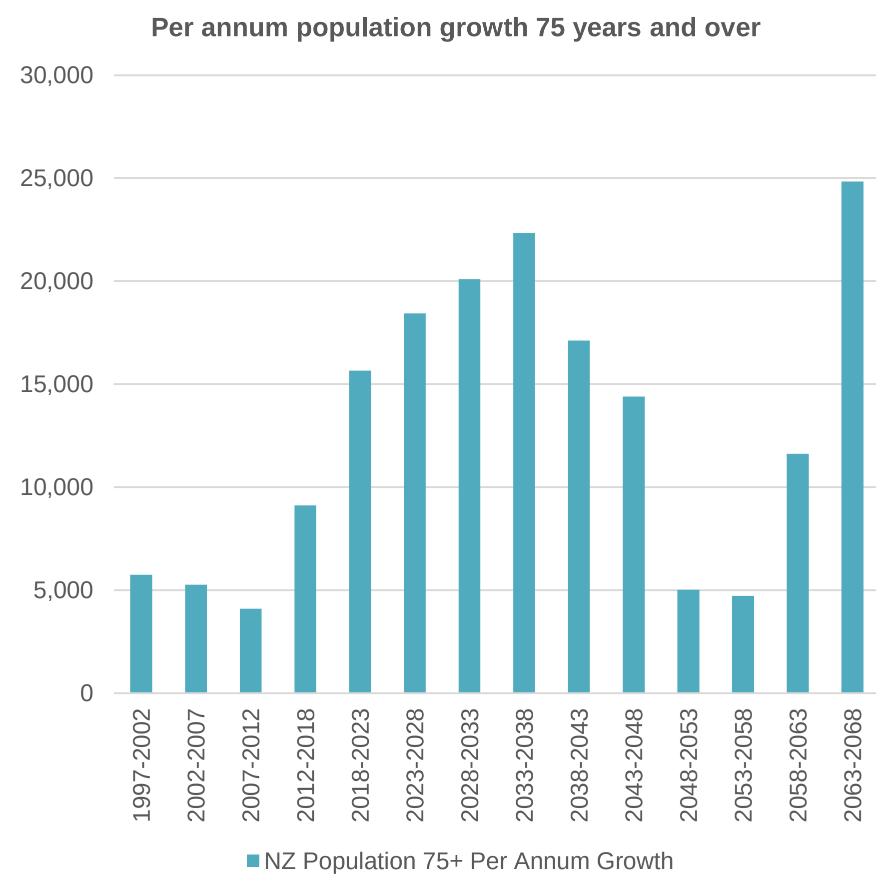


** Average tenure has been calculated using the previous resident's occupancy on resales within the reporting period*

Demographics

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





Source: Statistics New Zealand – National Population Projections

Summerset

Half Year Report 2019

Cover image: Barry Watson enjoying his Wigram villa gardens.
Inside cover image: Wigram residents enjoying a competitive game of bowls.

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Summerset Snapshot

More than
5,300
residents

More than
1,500
staff members

28
Villages completed or under development

10
Greenfield sites

3,871
Retirement units in portfolio

858
Care beds in portfolio

Land bank of
4,883
retirement units

Land bank of
712
care beds

Sales of
278
occupation rights

28.4%
Development margin

Chair and CEO Report

Welcome to Summerset's half year report for the six months ended 30 June 2019. The business has performed robustly over the last six months and we continue to lay the platform for ongoing growth.

In the first half of 2019 we recorded $92.6 million net profit after tax, down 4% on the same period last year, and $47.8 million underlying profit, up 6% on the first six months of 2018. Overall, this is a pleasing result given the slow property markets in Auckland and Christchurch.

In the six months to 30 June 2019, we built 139 retirement units and recorded 136 new sales and 142 resales. Total sales results are comparable with those of the first half of 2018, although the mix has changed slightly, with growing serviced apartment sales reflecting the increased emphasis on this offering over time.

As signalled in the release of our first quarter sales results, we continue to see increased settlement times for residents selling their home before entering our villages in Auckland and Christchurch. Overall, however, we are still seeing a strong demand. Ellerslie and Hobsonville, both in Auckland, were our top two villages in terms of new sales settlements in the first half of the year. Our resales portfolio continues to perform well, with only 59 retirement units available for sale nationally.

In the second half of this year we are officially opening three new villages, in Avonhead (Christchurch), Kenepuru (Wellington), and Richmond (Tasman). These sites have already seen good levels of pre-sales interest and settlements. We expect this will result in an increase in our new sales settlements in the second half of the year and this will be reflected in our financial results.

Growth and development

This half year we have announced the acquisition of six new sites. These are in Waikanae (Kapiti Coast), Milldale (Auckland), Whangarei (Northland), Cambridge (Waikato), Rangiora (Canterbury) and Blenheim (Marlborough), all areas with good underlying demand and attractive local economies. We also recently purchased additional land to expand our Hobsonville village.

This continues our focus on buying a mix of broadacre sites in urban fringes, retirement destinations, and high-growth regional centres. When added to our urban sites – including Ellerslie, St Johns, Parnell and Lower Hutt – these acquisitions will give us a diverse offering of new villages across the country.

Our land bank now totals over 4,800 retirement units across 9 brownfield and 10 greenfield sites. This is the largest land bank in our sector in New Zealand and positions us well for ongoing growth.

Over the next two to three years we will focus on gaining the relevant consents to start development at sites acquired over the last 18 months. We aim to increase the number of sites on which we are delivering retirement units from the current seven to around 10–14 at any one time.

Development at Casebrook is progressing with the main building to be delivered in the first half of 2020

Consenting activity is on track and we have grown the capability in our development team over the last year to ensure we are able to handle the increasing workload. In the first half of this year we gained consents in Papamoa Beach (Tauranga) and for our additional parcel of land at Casebrook (Christchurch).

At the time of writing we are awaiting a decision on our Lower Hutt village resource consent application, following an Environment Court hearing in June. Last year we asked for a direct referral of our resource consent application to the Environment Court. We have held this land since 2012 and have been engaged in a lengthy process to gain consent, despite Hutt City Council identifying a clear need for new retirement villages in the Hutt Valley. We have a prospect list of more than 300 people for the village, which indicates the latent demand for quality retirement living in the Wellington region.

Last year, our resource consent for the St Johns site in Auckland was declined. We launched an appeal to this decision in the Environment Court, and the hearing is expected to take place around the release of this half year report. We are continuing to progress design and consent applications for our Parnell village, which is close to the Parnell train station and Auckland Domain.

We have also recently purchased an additional hectare of land adjacent to our highly successful Hobsonville village. We plan to use the site for 30 new independent living units, including a number of premium waterfront dwellings.

In the construction space, our sites are running well. We expect to build around 350 retirement units this year, with an additional 150 units to be completed in the first half of 2020. The 150 units will be in the new main buildings at Casebrook and Rototuna.

Looking further ahead, the increased number of sites we plan to build on will give us options to change our supply of units to match demand around the country.

We have adopted the Aconex Field system to manage defects and variations in our construction business. This allows our site personnel to use their phones to take pictures of issues that need the attention of contractors. We are very pleased with the way this new system resolves issues efficiently.

Expansion across the Tasman

In February, we signalled that we were looking for land in Victoria, Australia. We are currently in the process of carrying out due diligence on a number of potential sites.

Melbourne's residential property market has continued to fall since February, with year-on-year prices down around 10% (compared to 8–9% in February). Over the last few months, the rate of decline has slowed considerably and there are clear signs the market is flattening. This appears to have been driven by regulatory changes that allow banks to lend more money to homeowners, a reduction in interest rates by the Reserve Bank of Australia, and the Liberal Party's victory in the May federal election. This result saw the end of the Labor Party's policy to remove negative gearing on investment properties. We are seeing a range of good opportunities in the Victorian market but will continue to be prudent in our approach.


Residents enjoying a game of cards at Summerset at the Course

Operations and care

Performance in our care business continues to track well, with occupancy for the first six months of the year steady at 96%, versus 89% for the sector overall.

We continue to see shortages in the nursing workforce. Pleasingly, the government has placed aged-care registered nurses back on the Long Term Skill Shortage List. Nurses are a critical component of our care operation and we have been lifting wages to ensure we remain an attractive employer. From an earnings perspective, we have been able to manage this through high occupancy and a good base of premium charges. We have achieved New Zealand Immigration employer accreditation, which will give us the option of recruiting internationally, and we have a number of other initiatives underway to help us attract and develop nurses.

In the 2018 Annual Report, we noted that the Aged Residential Care funding model was under review. At the time of writing, the draft report of the findings from this review was not yet public.

We continue to watch the Australian Royal Commission into Aged Care Quality and Safety closely. A key observation of the inquiry to date is the wide range of issues affecting the provision of quality care for retired people. These include the complexity of the funding system, waiting lists for provision of care, and government funding levels.

Residents

Last year, we maintained our leading resident satisfaction scores of 95% for retirement village residents and 97% for care residents. Sustaining high levels of resident satisfaction is always a key focus.

This year, we are looking to reinvigorate exercise programmes in our villages as part of enhancing resident wellness.

> Access to technology is increasingly important for our residents, and we have started to install fibre broadband in our new and existing villages.

Our Casebrook and Rototuna villages were the first to have fibre broadband installed at the time of construction, and all of our new villages will follow this approach. Among our older villages, Aotea's copper network has been replaced by fibre and our Wanganui village will soon follow. We are working closely with fibre providers across the country to seek ongoing conversion of all our older villages to fibre.

We also started piloting technology-focused meetings between residents and secondary school students at our Trentham village in May. Local students come to the village to help residents improve their online and technology skills; this has been a positive experience for both parties.

Our People

In the health and safety space, we have recently received tertiary accreditation with the ACC Accredited Employers Programme. We entered this programme in 2017 and were awarded secondary accreditation last year. Our move to tertiary accreditation is testimony to the progress we are making in health and safety.

We have been a member of the Business Leaders' Health and Safety Forum for a number of years. This is a group of leading New Zealand companies that have pledged to improve health and safety across the country. In the area of construction, we have joined the Vertical Industry Leaders Group, a network of leading companies involved in multi-storey construction. Through this we are involved at the forefront of industry initiatives to reduce risk and harm among construction workers. We have seen a steady reduction in harm rates on our construction sites over the last three years and are committed to continuing progress toward making our worksites safer.

In addition, we have started a programme in our construction team to promote discussion and awareness about the importance of mental health, and one in our care and operations team focusing on anti-bullying. These are some of the first dedicated wellness initiatives we have rolled out across the business, and we are planning more for the future.

Over the last three years we have offered free Summerset shares to our staff to say thank you for their part in bringing the best of life to our residents. We provide eligible employees with $800 worth of Summerset shares at no cost, and the shares vest after employees have worked for us continuously for three years. We have just completed our fourth share offer, and the first tranche of shares (issued in 2016) will vest for over 300 staff this year. Many of our staff have elected to hold their shares on vesting, which we believe is indicative of the belief they have in Summerset.

Summerset's place in the community

This year we partnered with Dementia New Zealand to deliver talks aimed at the general public and our residents to build awareness and understanding of dementia. This is part of an ongoing campaign to destigmatise dementia, and to provide education about this increasingly common condition and the support services available in the community for those living with dementia.

Last year, we became the first retirement village and aged-care operator to be accredited by Certified Emissions Measurement and Reduction Scheme (CEMARS). We have furthered this commitment to sustainable practices in our business with carboNZero certification whereby we have purchased carbon credits to offset our emissions. We are the first in our sector to do this and encourage others to follow.

We have also joined the Climate Leaders Coalition as part of our commitment to making sustainable change.

> Over time we plan to deepen Summerset's positive contribution to sustainability and the communities we are part of.

We added Nelson's Brook Waimarama Sanctuary to our sponsorship portfolio this year, alongside our continued support for the Orokonui Ecosanctuary in Dunedin. We are delighted to be backing organisations involved in sustaining New Zealand's natural environment.

Like the rest of the country, we were deeply saddened by the Christchurch mosque shootings. Residents and staff, supported with a Summerset donation, raised $44,000 to assist the victims of the attacks. The money was donated to Victim Support with our heartfelt best wishes to all those affected.

Looking ahead

When Summerset was founded 21 years ago, our goal was to build 20 villages in 20 years. With the imminent launch of three new villages on top of the 23 villages we already operate, and a strong pipeline of growth ahead of us, we have reason to feel confident about the future.

Our integrated care model has continued to play an important part in our business as the population ages – as does the innovative approach we take to giving residents choice, certainty and community.

As always, it is a pleasure to present this report to our investors. We will keep working hard to deliver financial results for shareholders, while also ensuring the standard of our retirement living and care services is at a level we can continue to be proud of.

We would like to thank our residents, their families, and our hard-working staff for everything they contribute towards making Summerset a wonderful place to live and work.

Rob Campbell
Chair

Julian Cook
Chief Executive Officer

Half Year Financial Highlights

$92.6m Net profit after tax 1H2019	4% Decrease on 1H2018
$47.8m Underlying profit 1H2019	6% Increase on 1H2018
$3.0b Total assets 1H2019	24% Increase on 1H2018
$93.3m Operating cash flow 1H2019	1% Increase on 1H2018

Half Year Financial Highlights

Results Highlights - Financial

	1H2019	1H2018[1]	% Change	FY2018
Net profit before tax (NZ IFRS) ($000)	92,082	97,233	-5.3%	216,173
Net profit after tax (NZ IFRS) ($000)	92,601	96,394	-3.9%	214,503
Underlying profit ($000)[2]	47,785	45,216	5.7%	98,611
Total assets ($000)	3,027,891	2,450,559	23.6%	2,766,367
Net tangible assets (cents per share)	470.47	391.86	20.1%	438.44
Net operating cash flow ($000)	93,331	92,809	0.6%	217,803

1 Fair value movement of investment property and the investment property balance have been restated for 1H2018. Refer to note 1 of the financial statements for further details.

2 Underlying profit differs from NZ IFRS profit for the period

Results Highlights - Operational

	1H2019	1H2018	% Change	FY2018
New sales of occupation rights	136	145	-6.2%	339
Resales of occupation rights	142	154	-7.8%	301
New retirement units delivered	139	165	-15.8%	454
Realised development margin ($000)	27,108	25,822	5.0%	63,683
Gross proceeds (new sales) ($000)	95,349	78,345	21.7%	191,963
Realised gains on resales ($000)	14,305	14,915	-4.1%	28,685

Non-GAAP Underlying Profit

$000	1H2019	1H2018[1]	% Change	FY2018
Profit for the period[2]	92,601	96,394	-3.9%	214,503
Less: fair value movement of investment property[2]	(85,710)	(92,754)	-7.6%	(209,930)
Add: realised gain on resales	14,305	14,915	-4.1%	28,685
Add: realised development margin	27,108	25,822	5.0%	63,683
Add: deferred tax expense[2]	(519)	839	-161.9%	1,670
Underlying profit	**47,785**	**45,216**	**5.7%**	**98,611**

1 Fair value movement of investment property has been restated for 1H2018. Refer to note 1 of the financial statements for further details.

2 Figure has been extracted from the financial statements

Underlying profit is a non-GAAP measure and differs from NZ IFRS profit for the period. Refer to note 2 of the financial statements for definitions of the components of underlying profit.

Financial Statements

Income Statement

For the six months ended 30 June 2019

	NOTES	6 MONTHS JUN 2019 UNAUDITED $000	6 MONTHS JUN 2018 UNAUDITED[1] $000	12 MONTHS DEC 2018 AUDITED $000
Care fees and village services		48,775	43,268	91,154
Deferred management fees		25,078	22,341	45,637
Interest received		156	59	226
Other income		3	-	-
Total revenue		**74,012**	**65,668**	**137,017**
Fair value movement of investment property	4	85,710	92,754	209,930
Total income		**159,722**	**158,422**	**346,947**
Operating expenses	3	(56,899)	(52,920)	(112,442)
Depreciation and amortisation expense		(3,915)	(2,892)	(6,685)
Total expenses		**(60,814)**	**(55,812)**	**(119,127)**
Operating profit before financing costs		**98,908**	**102,610**	**227,820**
Net finance costs		(6,826)	(5,377)	(11,647)
Profit before income tax		**92,082**	**97,233**	**216,173**
Income tax credit/(expense)		519	(839)	(1,670)
Profit for the period		**92,601**	**96,394**	**214,503**
Basic earnings per share (cents)	7	41.66	43.76	97.13
Diluted earnings per share (cents)	7	41.04	42.95	95.42

1 *Fair value movement of investment property has been restated for the 30 June 2018 period. Refer to note 1 of the financial statements for further details.*

The accompanying notes form part of these financial statements.

Statement of Comprehensive Income

For the six months ended 30 June 2019

	6 MONTHS JUN 2019 UNAUDITED $000	6 MONTHS JUN 2018 UNAUDITED[1] $000	12 MONTHS DEC 2018 AUDITED $000
Profit for the period	**92,601**	**96,394**	**214,503**
Fair value movement of interest rate swaps	(9,329)	(1,851)	(6,125)
Tax on items of other comprehensive income	2,612	519	1,715
Gain/(loss) on translation of foreign currency operations	56	(2)	5
Other comprehensive income that will be reclassified subsequently to profit or loss for the period net of tax	**(6,661)**	**(1,334)**	**(4,405)**
Total comprehensive income for the period	**85,940**	**95,060**	**210,098**

1 Fair value movement of investment property has been restated for the 30 June 2018 period. Refer to note 1 of the financial statements for further details.

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the six months ended 30 June 2019

	SHARE CAPITAL	HEDGING RESERVE	REVALUATION RESERVE	RETAINED EARNINGS	FOREIGN CURRENCY TRANSLATION RESERVE	TOTAL EQUITY
	$000	$000	$000	$000	$000	$000
As at 1 January 2018[1]	**257,414**	**(5,712)**	**24,941**	**509,143**	**-**	**785,786**
Profit for the period	-	-	-	96,394	-	96,394
Other comprehensive loss for the period	-	(1,332)	-	-	(2)	(1,334)
Total comprehensive income/(loss) for the period	**-**	**(1,332)**	**-**	**96,394**	**(2)**	**95,060**
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)[1]	**263,703**	**(7,044)**	**24,941**	**589,826**	**(2)**	**871,424**
Profit for the period	-	-	-	118,109	-	118,109
Other comprehensive income/(loss) for the period	-	(3,078)	-	-	7	(3,071)
Total comprehensive income/(loss) for the period	**-**	**(3,078)**	**-**	**118,109**	**7**	**115,038**
Dividends paid	-	-	-	(13,427)	-	(13,427)
Shares issued	5,554	-	-	-	-	5,554
Employee share plan option cost	210	-	-	-	-	210
As at 31 December 2018 (audited)	**269,467**	**(10,122)**	**24,941**	**694,508**	**5**	**978,799**
Profit for the period	-	-	-	92,601	-	92,601
Other comprehensive loss for the period	-	(6,717)	-	-	56	(6,661)
Total comprehensive income/(loss) for the period	**-**	**(6,717)**	**-**	**92,601**	**56**	**85,940**
Adoption of NZ IFRS 16	-	-	-	(1,413)	-	(1,413)
Dividends paid	-	-	-	(16,091)	-	(16,091)
Shares issued	6,053	-	-	-	-	6,053
Employee share plan option cost	553	-	-	-	-	553
As at 30 June 2019 (unaudited)	**276,073**	**(16,839)**	**24,941**	**769,605**	**61**	**1,053,841**

1 Fair value movement of investment property has been restated for the 30 June 2018 period. Refer to note 1 of the financial statements for further details.

The accompanying notes form part of these financial statements.

Statement of Financial Position

As at 30 June 2019

	NOTES	6 MONTHS JUN 2019 UNAUDITED $000	6 MONTHS JUN 2018 UNAUDITED[1] $000	12 MONTHS DEC 2018 AUDITED $000
Assets				
Cash and cash equivalents		9,107	14,732	7,482
Trade and other receivables		30,171	27,237	29,836
Interest rate swaps		13,542	2,082	4,626
Property, plant and equipment		144,995	130,718	132,746
Intangible assets		6,211	6,680	6,628
Investment property	4	2,823,864	2,269,110	2,585,049
Total assets		**3,027,891**	**2,450,559**	**2,766,367**
Liabilities				
Trade and other payables		132,366	69,158	87,238
Employee benefits		8,485	6,979	9,452
Revenue received in advance		80,321	59,623	71,083
Interest rate swaps		23,387	9,784	14,059
Residents' loans	5	1,206,388	1,037,353	1,136,792
Interest-bearing loans and borrowings	6	499,794	379,689	452,760
Lease liability		10,256	-	-
Deferred tax liability		13,053	16,549	16,184
Total liabilities		**1,974,050**	**1,579,135**	**1,787,568**
Net assets		**1,053,841**	**871,424**	**978,799**
Equity				
Share capital		276,073	263,703	269,467
Reserves		8,163	17,895	14,824
Retained earnings		769,605	589,826	694,508
Total equity attributable to shareholders		**1,053,841**	**871,424**	**978,799**

1 *Investment property has been restated for the 30 June 2018 period. Refer to note 1 of the financial statements for further details.*

The accompanying notes form part of these financial statements.

Authorised for issue on 12 August 2019 on behalf of the Board

Rob Campbell
Director and Chair of the Board

James Ogden
Director and Chair of the Audit Committee

Statement of Cash Flows

For the six months ended 30 June 2019

	NOTE	6 MONTHS JUN 2019 UNAUDITED $000	6 MONTHS JUN 2018 UNAUDITED $000	12 MONTHS DEC 2018 AUDITED $000
Cash flows from operating activities				
Receipts from residents for care fees and village services		48,654	43,203	90,313
Interest received		156	59	226
Payments to suppliers and employees		(57,486)	(50,510)	(107,144)
Receipts for residents' loans - new occupation right agreements		89,178	75,676	187,273
Net receipts for residents' loans - resales of occupation right agreements		12,829	24,381	47,135
Net cash flow from operating activities		**93,331**	**92,809**	**217,803**
Cash flows to investing activities				
(Payments for)/proceeds from investment property:				
- land		1,429	(2,022)	(54,699)
- construction of new villages		(97,489)	(77,189)	(203,781)
- refurbishment in existing villages		(3,767)	(2,313)	(5,423)
Payments for property, plant and equipment:				
- construction of new care centres		(5,010)	(11,865)	(9,960)
- refurbishments in existing care centres		(322)	(280)	(1,017)
- other		(1,758)	(2,445)	(3,702)
Payments for intangible assets		(162)	(1,702)	(2,489)
Capitalised interest paid		(5,438)	(3,983)	(9,325)
Net cash flow to investing activities		**(112,517)**	**(101,799)**	**(290,396)**
Cash flows from financing activities				
Net proceeds/(repayments) from bank borrowings		37,832	31,443	(21,337)
Proceeds from issue of retail bonds		-	-	125,000
Proceeds from issue of shares		324	425	1,898
Interest paid on borrowings		(6,370)	(5,361)	(13,374)
Payments in relation to lease liabilities		(607)	-	-
Net dividends paid	8	(10,368)	(10,351)	(19,678)
Net cash flow from financing activities		**20,811**	**16,156**	**72,509**
Net increase/(decrease) in cash and cash equivalents		1,625	7,166	(84)
Cash and cash equivalents at beginning of period		7,482	7,566	7,566
Cash and cash equivalents at end of period		**9,107**	**14,732**	**7,482**

The accompanying notes form part of these financial statements.

Reconciliation of Operating Results and Operating Cash Flows

For the six months ended 30 June 2019

	6 MONTHS JUN 2019 UNAUDITED $000	6 MONTHS JUN 2018 UNAUDITED[1] $000	12 MONTHS DEC 2018 AUDITED $000
Net profit for the period	**92,601**	**96,394**	**214,503**
Adjustments for:			
Depreciation and amortisation expense	3,915	2,892	6,685
Loss on sale of plant and equipment	-	76	113
Fair value movement of investment property	(85,710)	(92,754)	(209,930)
Net finance costs paid	6,826	5,377	11,647
Deferred tax	(519)	839	1,670
Deferred management fee amortisation	(25,078)	(22,341)	(45,637)
Foreign exchange movement	62	-	-
Employee share plan option cost	559	521	714
	(99,945)	**(105,390)**	**(234,738)**
Movements in working capital			
Increase in trade and other receivables	(4,388)	(3,324)	(2,390)
Increase/(decrease) in employee benefits	(968)	246	2,708
Increase in trade and other payables	1,991	3,041	2,007
Increase in residents' loans net of non-cash amortisation	104,040	101,842	235,713
	100,675	**101,805**	**238,038**
Net cash flows from operating activities	**93,331**	**92,809**	**217,803**

1 *Fair value movement of investment property has been restated for the 30 June 2018 period. Refer to note 1 of the financial statements for further details.*

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the six months ended 30 June 2019

1. Summary of accounting policies

The interim financial statements presented for the six months ended 30 June 2019 are for Summerset Group Holdings Limited ("the Company") and its subsidiaries (collectively "the Group"). The Group develops, owns and operates integrated retirement villages in New Zealand, including independent living, care centres with rest home and hospital-level care and memory care centres.

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 are 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 2018, except as follows.

Adoption of NZ IFRS 16 - Leases , effective 1 January 2019
During the period, NZ IFRS 16 – *Leases* has been adopted with effect from 1 January 2019, using the modified retrospective approach, as permitted under the specific transition provisions in the standard. Under this transition approach, comparative figures are not restated and an adjustment is made to retained earnings as at the application date (1 January 2019). In addition to using the modified retrospective approach to transition, the Group has also utilised the following permitted practical expedients: the recognition exemption for short-term leases (leases with a lease term of up to one year) and leases of low-value assets where appropriate; the practical expedient which states that an entity is not required to reassess whether a contract is, or contains, a lease at the date of initial application; and accounting for leases for which the lease ends within 12 months of the date of initial application as short-term leases.

NZ IFRS 16 - *Leases* requires the Group to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for most lease contracts. The impact of the adoption of this standard on the Group's financial statements has not been material. Summerset Management Group Limited is a lessee for a number of leases of office buildings, along with being a lessee of minor office equipment (for example, photocopiers). After utilising the available practical expedients, it is only the Group's lease of office premises which are required to be recognised under the new standard.

As at 1 January 2019, the Group recognised $8.6m of 'right-of-use assets' in relation to office premise leases along with a lease liability of $10.6m on its balance sheet. After taking into account an adjustment for lease incentive payments remaining on the balance sheet prior to adoption of the new standard, this resulted in an adjustment to retained earnings of $1.4m as at 1 January 2019. As at 30 June 2019, the Group records $8.1m of 'right-of-use assets' and a lease liability of $10.3m in the statement of financial position as a result of adopting the new standard.

In the income statement for the six months ended 30 June 2019, the adoption of the new standard has decreased profit for the period by $3k (compared to the position had the standard not been in effect). This comprises a decrease in operating expenses of $0.6m, offset by an increase in depreciation expense of $0.4m and an increase in financing costs of $0.2m.

In the statement of cash flows, lease payments previously classified as operating cash flows have been reclassified as financing cash flows for principal repayments of the lease liability. For the six months ended 30 June 2019, this has resulted in an increase to net cash flows from operating activities of $0.6m and a corresponding decrease to net cash flows from financing cash flows of $0.6m (compared to the position had the standard not been in effect). There has been no impact on actual cash payments.

Occupation right agreements confer the right to occupancy of a retirement unit and are considered leases under NZ IFRS 16 - *Leases*. There is no change to the recognition or measurement of occupation right agreements and the associated deferred management fee revenue. Deferred management fee revenue continues to be recognised on a straight-line basis in the income statement over the period of service, being the greater of the expected period of tenure or the contractual right to revenue.

The interim financial statements for the six months ended 30 June 2019 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 continues to consider expansion into Australia and is actively seeking land for the development of retirement villages. To date the expenditure incurred has been immaterial to the Group and relates primarily to consultancy and employment costs associated with considering the expansion.

Comparative information

Comparative information has been updated to reflect the reclassification of work in progress for care centres under development from investment property to property, plant and equipment.

	6 MONTHS JUN 2018 REPORTED $000	RECLASS $000	6 MONTHS JUN 2018 RECLASSIFIED $000
Statement of Financial Position			
Property, plant and equipment	128,089	2,629	130,718
Investment property	2,240,815	(2,629)	2,238,186
Statement of Cash Flows			
Construction of new investment property	(79,818)	2,629	(77,189)
Construction of new care centres	(9,236)	(2,629)	(11,865)

The Group has also amended the comparative value of investment property. The fair value of investment property is determined by an independent registered valuer by undertaking a cash flow analysis to derive a net present value. The fair value of investment property has been amended to adjust for assets and liabilities recognised in the statement of financial position which are also reflected in the cash flow analysis, as required by NZIAS 40 – *Investment Property*. This amendment moves the adjustment to assets and liabilities from being based on the contractual right to deferred management fees to being based on the expected period of tenure the deferred management fees are earned over. This amendment has been made by adjusting the investment property balance for revenue received in advance recognised on the balance sheet. Investment property work in progress has also been amended to adjust for timing differences associated with the recognition of infrastructure costs.

As a result of these amendments there was a requirement to restate the comparative period. There was no impact on underlying profit as a result of this restatement. This adjustment is consistent with that made to the comparative period in the 2018 full year financial statements. No adjustments to periods prior to 31 December 2017 were made on the basis of materiality.

Notes to the Financial Statements (continued)

	6 MONTHS JUN 2018 REPORTED $000	OPENING BALANCE RESTATEMENT[1]	AMENDMENT $000	6 MONTHS JUN 2018 RESTATED $000
Income Statement				
Fair value movement of investment property	78,332		14,422	92,754
Profit for the period	81,972		14,422	96,394
Statement of Financial Position				
Investment property	2,238,186	16,502	14,422	2,269,110
Retained earnings	558,902	16,502	14,422	589,826

1 There was a restatement made to the 31 December 2017 comparatives in the 31 December 2018 financial statements. This restatement has a flow on effect to the 1 January 2018 opening balances for the 30 June 2018 period.

No other comparative information has been restated in the current year.

2. Non-GAAP underlying profit

	Ref	6 MONTHS JUN 2019 UNAUDITED $000	6 MONTHS JUN 2018 UNAUDITED[1] $000	12 MONTHS DEC 2018 AUDITED $000
Profit for the period		92,601	96,394	214,503
Less fair value movement of investment property	a)	(85,710)	(92,754)	(209,930)
Add realised gain on resales	c)	14,305	14,915	28,685
Add realised development margin	d)	27,108	25,822	63,683
(Less)/add deferred tax (credit)/expense	e)	(519)	839	1,670
Underlying profit		**47,785**	**45,216**	**98,611**

1 Fair value movement of investment property has been restated for the 30 June 2018 period. Refer to note 1 of the financial statements for further details.

Underlying profit is a non-GAAP measure and differs from NZ IFRS profit for the period. Underlying profit does not have a standardised meaning prescribed by GAAP and therefore may not be comparable to similar financial information presented by other entities. The Directors have provided an underlying profit measure in addition to IFRS profit to assist readers in determining the realised and unrealised 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 a measure which the Group uses consistently across reporting periods. Underlying profit is used to determine the dividend pay-out to shareholders.

This statement presented 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) Add/(less) impairment/(reversal of impairment) of land: remove the impact of non-cash care centre valuation changes recorded in NZ IFRS profit for the period. Care centres are valued at least 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 gain on resales: 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 refurbishment costs.

d) Add realised development margin: add realised development margin across all new sales of occupation rights during the period, with 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 during the build period
- head office costs directly related to the construction of retirement unit

All costs above include non-recoverable GST.

Development margin excludes the costs of developing common areas 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.

Where costs are apportioned across more than one asset, the apportionment methodology is determined by considering the nature of the cost.

e) Add/(less) deferred tax expense/(credit): 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.

3. Operating expenses

	6 MONTHS JUN 2019 UNAUDITED	6 MONTHS JUN 2018 UNAUDITED	12 MONTHS DEC 2018 AUDITED
	$000	$000	$000
Employee expenses	33,977	30,581	65,387
Property-related expenses	6,095	5,201	10,967
Repairs and maintenance expenses	2,418	2,433	4,488
Other operating expenses	14,409	14,705	31,600
Total operating expenses	**56,899**	**52,920**	**112,442**

4. Investment property

	6 MONTHS JUN 2019 UNAUDITED	6 MONTHS JUN 2018 UNAUDITED[1]	12 MONTHS DEC 2018 AUDITED
	$000	$000	$000
Balance at beginning of period	2,585,049	2,069,662	2,069,662
Additions	153,105	106,705	305,492
Disposals	-	(12)	(35)
Fair value movement	85,710	92,754	209,930
Total investment property	**2,823,864**	**2,269,110**	**2,585,049**

1 Fair value movement of investment property has been restated for the 30 June 2018 period. Refer to note 1 of the financial statements for further details.

Notes to the Financial Statements (continued)

	6 MONTHS JUN 2019 UNAUDITED $000	6 MONTHS JUN 2018 UNAUDITED[1] $000	12 MONTHS DEC 2018 AUDITED $000
Development land measured at fair value[2]	248,869	155,500	212,923
Retirement villages measured at fair value	2,360,299	1,924,105	2,204,354
Retirement villages under development measured at cost	214,695	189,505	167,772
Total investment property	**2,823,864**	**2,269,110**	**2,585,049**

1 *Investment property has been restated for the 30 June 2018 period. Refer to note 1 of the financial statements for further details.*

2 *Included in development land is land acquired close to reporting date and as such this was excluded from the CBRE valuation of investment property. These pieces of land have been accounted for at cost, which has been determined to be fair value due to the proximity of the transaction to reporting date. At 30 June 2019 the land at cost was $77.3 million (Jun 2018: nil, Dec 2018: $36.9 million).*

	6 MONTHS JUN 2019 UNAUDITED $000	6 MONTHS JUN 2018 UNAUDITED[1] $000	12 MONTHS DEC 2018 AUDITED $000
Manager's net interest	1,537,155	1,172,134	1,377,174
Plus: revenue received in advance	80,321	59,623	71,083
Plus: liability for residents' loans	1,206,388	1,037,353	1,136,792
Total investment property	**2,823,864**	**2,269,110**	**2,585,049**

1 *Investment property has been restated for the 30 June 2018 period. Refer to note 1 of the financial statements for further details.*

The Group is unable to reliably determine the fair value of non-land retirement villages under development at 30 June 2019 and therefore these are carried at cost. This equates to $214.7 million of investment property (Jun 2018: $189.5 million, Dec 2018: $167.8 million).

The fair value of investment property as at 30 June 2019 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 cash flow analysis to derive a net present value. A desktop valuation was completed as at 30 June 2019. There has been no change in valuation technique since the previous full valuation which was completed as at 31 December 2018 (next full valuation due 31 December 2019).

As required by NZ IAS 40 - *Investment Property*, the fair value as determined by the independent registered valuer is adjusted for assets and liabilities already recognised on the balance sheet which are also reflected in the cash flow analysis.

Significant assumptions used by the valuer include a discount rate of between 13.5% and 16.5% (Jun 2018 and Dec 2018: between 13.5% to 16.5%) and a long term nominal house price inflation rate (growth rate) of between 0% and 3.5% (Jun 2018 and Dec 2018 between 0% to 3.5%). Other assumptions used by the valuer include the average entry age of residents of between 72 years and 89 years (Jun 2018: 72 years and 96 years; Dec 2018: 72 years and 90 years) and the stabilised departing occupancy periods of retirement units of between 3.7 years and 9.0 years (Jun 2018: 3.6 years and 8.9 years; Dec 2018: 3.7 years and 9.0 years).

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

To assess the market value of the Group's interest in a retirement village, CBRE has undertaken a cash flow analysis to derive a net present value. As the fair value of investment property is determined using inputs that are significant and unobservable, the Group has categorised investment property as Level 3 under the fair value hierarchy in accordance with NZ IFRS 13 - *Fair Value Measurement*.

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 (growth 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 growth rate would result in a significantly higher (lower) fair value measurement.

Security

At 30 June 2019, all investment property relating to registered retirement villages under the Retirement Villages Act 2003 are subject to a registered first mortgage in favour of the Statutory Supervisor to secure the Group's obligations to the occupation right agreement holders.

5. Residents' loans

	6 MONTHS JUN 2019 UNAUDITED $000	6 MONTHS JUN 2018 UNAUDITED $000	12 MONTHS DEC 2018 AUDITED $000
Balance at beginning of period	1,355,535	1,134,069	1,134,069
Net receipts for residents' loans - resales of occupation right agreements	5,812	18,824	34,193
Receipts for residents' loans - new occupation right agreements	89,178	75,676	187,273
Total gross residents' loans	**1,450,525**	**1,228,569**	**1,355,535**
Deferred management fees receivable	(244,137)	(191,216)	(218,743)
Total residents' loans	**1,206,388**	**1,037,353**	**1,136,792**

The fair value of residents' loans at 30 June 2019 is $846.6 million (Jun 2018: $706.2 million; Dec 2018: $781.7million). The method of determining fair value is disclosed in Note 15 of the Group's financial statements for the year ended 31 December 2018. 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*.

6. Interest-bearing loans and borrowings

		6 MONTHS JUN 2019 UNAUDITED $000	6 MONTHS JUN 2018 UNAUDITED $000	12 MONTHS DEC 2018 AUDITED $000
Repayable after 12 months				
Secured bank loans	Floating	264,335	279,282	226,503
Retail bond - SUM010	4.78%	100,000	100,000	100,000
Retail bond - SUM020	4.20%	125,000	-	125,000
Total loans and borrowings at face value		**489,335**	**379,282**	**451,503**
Issue costs for retail bonds capitalised				
Opening balance		(3,290)	(1,840)	(1,840)
Capitalised during the period		-	-	(1,874)
Amortised during the period		301	167	424
Total loans and borrowings at amortised cost		**486,346**	**377,609**	**448,213**
Fair value adjustment on hedged borrowings		13,448	2,080	4,547
Carrying value of interest-bearing loans and borrowings		**499,794**	**379,689**	**452,760**

The weighted average interest rate for the six months to 30 June 2019 was 3.73% (Jun 2018: six-month average 4.17%; Dec 2018: 12-month average 4.17%). This includes the impact of interest rate swaps. 59% of the floating rate debt principal outstanding is hedged with interest rate swaps at 30 June 2019 (Jun 2018: 54%; Dec 2018: 59%).

The secured bank loan facility at 30 June 2019 has a limit of NZD$500.0 million (June 2018: $500.0 million; Dec 2018:$500.0 million). Lending of $185.0 million expires in August 2020 and $315.0 million of lending expires in March 2022.

Notes to the Financial Statements (continued)

The Group has issued two retail bonds. The first retail bond was issued for $100.0 million in July 2017 and has a maturity date of 11 July 2023. This retail bond is listed on the NZX Debt Market (NZDX) with the ID SUM010. The second retail bond was issued for $125.0 million in September 2018 and has a maturity date of 24 September 2025. This retail bond is listed on the NZX Debt Market (NZDX) with the ID SUM020.

Security

The banks 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 each New Zealand-incorporated guaranteeing Group member that is not a registered retirement village under the Retirement Villages Act 2003;
- a second ranking registered mortgage over the land and permanent buildings owned (or leased under a registered lease) by each New Zealand-incorporated guaranteeing Group member that is a registered retirement village under the Retirement Villages Act 2003 (behind a first ranking registered mortgage in favour of the Statutory Supervisor);
- a first ranking registered mortgage over all land and permanent buildings owned (or leased under a registered lease) by each Australian-incorporated guaranteeing Group member;
- a General Security Deed, which secures all assets of the New Zealand- incorporated 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;
- a General Security Deed, which secures all assets of the Australian-incorporated guaranteeing Group members; and
- a Specific Security Deed in respect of each marketable security of Summerset Holdings (Australia) Pty Limited, held by Summerset Holdings Limited.

7. Earnings per share and net tangible assets

Basic earnings per share

	6 MONTHS JUN 2019 UNAUDITED	6 MONTHS JUN 2018 UNAUDITED	12 MONTHS DEC 2018 AUDITED
Earnings ($000)	92,601	96,394	214,503
Weighted average number of ordinary shares for the purpose of earnings per share (in thousands)	222,258	220,267	220,835
Basic earnings per share (cents per share)	**41.66**	**43.76**	**97.13**

Diluted earnings per share

	6 MONTHS JUN 2019 UNAUDITED	6 MONTHS JUN 2018 UNAUDITED	12 MONTHS DEC 2018 AUDITED
Earnings ($000)	92,601	96,394	214,503
Weighted average number of ordinary shares for the purpose of earnings per share (in thousands)	225,649	224,420	224,810
Diluted earnings per share (cents per share)	**41.04**	**42.95**	**95.42**

Number of shares (in thousands)

	6 MONTHS JUN 2019 UNAUDITED	6 MONTHS JUN 2018 UNAUDITED	12 MONTHS DEC 2018 AUDITED
Weighted average number of ordinary shares for the purpose of earnings per share (basic)	222,258	220,267	220,835
Weighted average number of ordinary shares issued under employee share plans	3,391	4,153	3,975
Weighted average number of ordinary shares for the purpose of earnings per share (diluted)	**225,649**	**224,420**	**224,810**

At 30 June 2019, there were a total of 3,072,488 shares issued under employee share plans held by Summerset LTI Trustee Limited (Jun 2018: 4,094,072 shares; Dec 2018: 3,681,569 shares).

Net tangible assets per share

	6 MONTHS JUN 2019 UNAUDITED	6 MONTHS JUN 2018 UNAUDITED	12 MONTHS DEC 2018 AUDITED
Net tangible assets ($000)	1,047,630	864,743	972,171
Shares on issue at end of period (basic and in thousands)	222,679	220,676	221,734
Net tangible assets per share (cents per share)	**470.47**	**391.86**	**438.44**

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.

8. Dividends

On 21 March 2019, a dividend of 7.2 cents per ordinary share was paid to shareholders (2018: on 22 March 2018 a dividend of 7.1 cents per ordinary share was paid to shareholders and on 10 September 2018 a dividend of 6.0 cents per ordinary share was paid to shareholders).

A dividend reinvestment plan applied to the dividend paid on 21 March 2019 and 866,704 ordinary shares were issued in relation to the plan (2018: 810,284 ordinary shares were issued in relation to the plan for the 22 March 2018 dividend and 541,363 ordinary shares were issued in relation to the plan for the 10 September 2018 dividend).

9. Commitments and contingencies

Guarantees

At 30 June 2019, NZX Limited held a guarantee in respect of the Group, as required by the NZX Listing Rules, for $75,000 (Jun 2018 and Dec 2018: $75,000).

Summerset Retention Trustee Limited holds guarantees in relation to retentions on construction contracts on behalf of the Group. At 30 June 2019 $7.5 million was held for the benefit of the retentions beneficiaries (Jun 2018: nil; Dec 2018: $7.5 million).

Capital commitments

At 30 June 2019, the Group had $75.6 million of capital commitments in relation to construction contracts (Jun 2018: $67.3 million; Dec 2018: $83.0 million).

Contingent liabilities

There were no known material contingent liabilities at 30 June 2019 (Jun 2018 and Dec 2018: nil).

Notes to the Financial Statements (continued)

10. Subsequent events

On 22 July 2019, 148,400 shares were issued under the Group's all-staff employee share plan at $5.6938 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 12 August 2019, the Directors approved an interim dividend of $14.5 million, being 6.4 cents per share. The dividend record date is 27 August 2019 with a payment date of 9 September 2019.

There have been no other events subsequent to 30 June 2019 that materially impact on the results reported .

Chartered Accountants

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 12 to 26, which comprise the statement of financial position of the group as at 30 June 2019 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 12 to 26, do not present fairly, in all material respects, the financial position of the group as at 30 June 2019 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 12 August 2019 and our findings are expressed as at that date.

Ernst + Young

Ernst & Young
Wellington
12 August 2019

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Napier
Te Awa
Hastings
Havelock North
Wanganui
Palmerston North
Levin
Waikanae
Paraparaumu
Nelson
Richmond
Trentham
Lower Hutt
Aotea
Kenepuru
Blenheim
Rangiora
Casebrook
Avonhead
Wigram
Dunedin
Completed villages
In development
Proposed villages

Summerset

NZX NEW ZEALAND'S EXCHANGE

Results announcement

(for Equity Security issuer/Equity and Debt Security issuer)

Results for announcement to the market		
Name of issuer	Summerset Group Holdings Limited	
Reporting Period	6 months to 30 June 2019	
Previous Reporting Period	6 months to 30 June 2018	
Currency	NZD	
	Amount (000s)	**Percentage change**
Revenue from continuing operations	$74,012	+12.7%
Total Revenue	$74,012	+12.7%
Net profit/(loss) from continuing operations after tax	$92,601	-3.9%
Total net profit/(loss) after tax	$92,601	-3.9%
Underlying profit*	$47,785	+5.7%
Interim Dividend		
Amount per Quoted Equity Security	$0.064 per Ordinary Share	
Imputed amount per Quoted Equity Security	Not imputed	
Record Date	27 August 2019	
Dividend Payment Date	9 September 2019	
	Current period	**Prior comparable period**
Net tangible assets per Quoted Equity Security	$4.70	$3.92
A brief explanation of any of the figures above necessary to enable the figures to be understood	See also other attached documents (half year report, media release, results presentation and distribution notice). Underlying profit is a non-GAAP measure and differs from NZ IFRS profit for the period. Underlying profit does not have a standardised meaning prescribed by GAAP and therefore may not be comparable to similar financial information presented by other entities. The Directors have provided an underlying profit measure in addition to IFRS profit to assist readers in determining the realised and unrealised 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 a measure which the Group uses consistently across reporting periods. Underlying profit is used to determine the dividend pay-out to shareholders.	

Authority for this announcement	
Name of person authorised to make this announcement	Scott Scoullar
Contact person for this announcement	Scott Scoullar
Contact phone number	029 894 7317
Contact email address	scott.scoullar@summerset.co.nz
Date of release through MAP	13 August 2019

Unaudited financial statements accompany this announcement.

NZX
NEW ZEALAND'S EXCHANGE

Distribution Notice

Please note: all cash amounts in this form should be provided to 8 decimal places

Section 1: Issuer information				
Name of issuer	Summerset Group Holdings Limited			
Financial product name/description	Ordinary Shares			
NZX ticker code	SUM			
ISIN (If unknown, check on NZX website)	NZSUME0001S0			
Type of distribution (Please mark with an X in the relevant box/es)	Full Year		Quarterly	
	Half Year	X	Special	
	DRP applies	X		
Record date	27/08/2019			
Ex-Date (one business day before the Record Date)	26/08/2019			
Payment date (and allotment date for DRP)	09/09/2019			
Total monies associated with the distribution[1]	$14,457,578.11			
Source of distribution (for example, retained earnings)	Retained earnings			
Currency	NZD			
Section 2: Distribution amounts per financial product				
Gross distribution[2]	$0.064			
Total cash distribution[3]	$0.064			
Excluded amount (applicable to listed PIEs)	$0.00			
Supplementary distribution amount	$0.00			
Section 3: Imputation credits and Resident Withholding Tax[4]				
Is the distribution imputed	No imputation			
If fully or partially imputed, please state imputation rate as % applied	N/A			
Imputation tax credits per financial product	N/A			
Resident Withholding Tax per financial product	$0.02112			

[1] Continuous issuers should indicate that this is based on the number of units on issue at the date of the form

[2] "Gross distribution" is the total cash distribution plus the amount of imputation credits, per financial product, before the deduction of Resident Withholding Tax (**RWT**).

[3] "Total cash distribution" is the cash distribution excluding imputation credits, per financial product, before the deduction of RWT. This should *include* any excluded amounts, where applicable to listed PIEs.

[4] The imputation credits plus the RWT amount is 33% of the gross distribution for the purposes of this form. If the distribution is fully imputed the imputation credits will be 28% of the gross distribution with remaining 5% being RWT. This does not constitute advice as to whether or not RWT needs to be withheld.

Section 4: Distribution re-investment plan (if applicable)		
DRP % discount (if any)	2%	
Start date and end date for determining market price for DRP	28/08/2019	03/09/2019
Date strike price to be announced (if not available at this time)	04/09/2019	
Specify source of financial products to be issued under DRP programme (new issue or to be bought on market)	New issue	
DRP strike price per financial product	TBA	
Last date to submit a participation notice for this distribution in accordance with DRP participation terms	28/08/2019	
Section 5: Authority for this announcement		
Name of person authorised to make this announcement	Scott Scoullar	
Contact person for this announcement	Scott Scoullar	
Contact phone number	029 894 7317	
Contact email address	scott.scoullar@summerset.co.nz	
Date of release through MAP	13/08/2019	