THERE'S MORE TO COME AT Metlifecare

ANNUAL SHAREHOLDERS MEETING

18 OCTOBER 2018

AGENDA

THERE'S MORE TO COME AT Metlifecare

1. Welcome
2. Introduction to Directors and Executive Team
3. Chair's address
4. Chief Executive Officer's Address
5. Questions from the floor
6. Business of the meeting
7. Other business

OUR BOARD

THERE'S MORE TO COME AT Metlifecare

Kim Ellis
Chair

Chris Aiken

Carolyn Steele

Mark Binns

Dr. Noeline Whitehead

Alistair Ryan

Rod Snodgrass

OUR EXECUTIVE TEAM

THERE'S MORE TO COME AT
Metlifecare

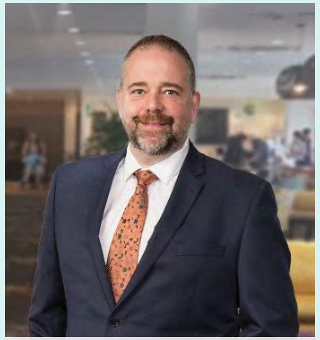
Glen Sowry
Chief Executive Officer

Richard Thomson
Chief Financial Officer

Andrew Peskett
General Counsel & Company Secretary

Charlie Anderson
GM Property & Development

Tanya Bish
Clinical Nurse Director



Richard Callander
General Manager Operations

Julie Garlick
General Manager Marketing

Huma Houghton
General Manager Human Resources

Jan Martin
General Manager Sales

Artist impression
Street View - Gulf Rise, Red Beach

THERE'S MORE TO COME AT Metlifecare

KIM ELLIS
Chair

FY18 PERFORMANCE SUMMARY

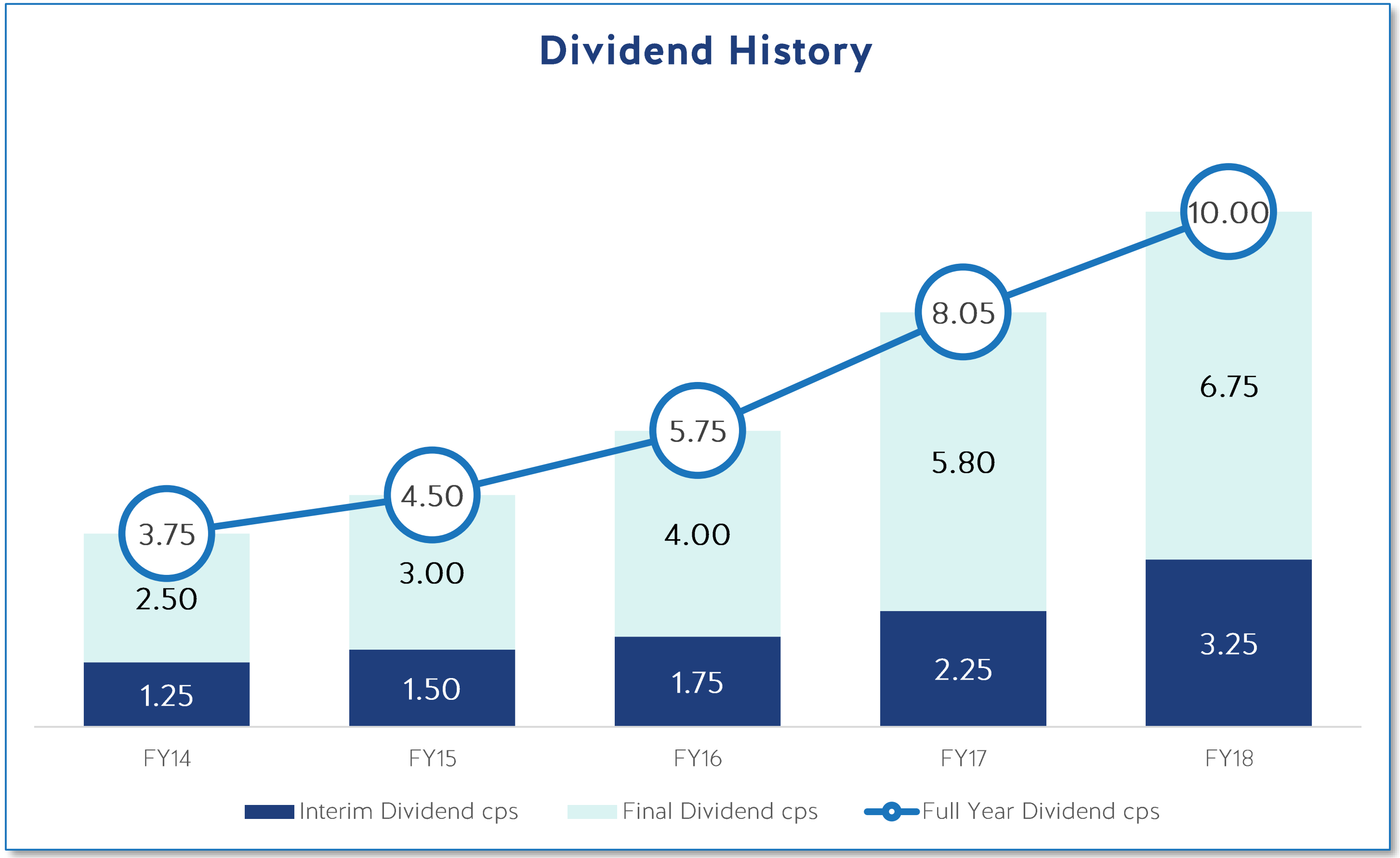
THERE'S MORE TO COME AT Metlifecare

	FY18	FY17	Movement
Underlying Profit ($m)	87.5	82.1	7%
Underlying Operating Cash Flow ($m)	54.3	51.3	6%
Net Profit After Tax ($m)	125.1	251.5	50%
Fair Value Movement in Investment Properties ($m)	134.9	258.8	48%
Total Assets ($m)	3,291.0	2,960.6	11%
Net Assets per share	$6.93	$6.43	8%
Realised Resale Gains ($m)	62.3	55.3	13%
Development Margin	27%	23%	4%
Village Occupancy (%)	98	98	-
Care Home Occupancy (%)	95	96	1%

DIVIDEND

THERE'S MORE TO COME AT Metlifecare

- Final dividend 6.75c per share
- Total dividend up 24% to 10c per share
- Dividend payout ratio = 40% of underlying operating cash flows
- Aim to balance shareholder returns and investment in future and existing portfolio



Note: graph reflects year dividend was declared

HOW METLIFECARE DELIVERS VALUE TO SHAREHOLDERS

THERE'S MORE TO COME AT Metlifecare

REALISED DEVELOPMENT MARGINS

- Increased rate and efficiency of new development
- Target 15%+
- FY18 delivered 27%

REALISED RESALE MARGINS

- Superior sales capability and market knowledge
- Intelligent reinvestment in villages that maximises value and competitiveness

BUILDING EMBEDDED VALUE

- Capital and DMF growth from building and maintaining a quality, well located village portfolio

BOARD FOCUS

THERE'S MORE TO COME AT Metlifecare

- **Investing in our people**
- **Setting new standards in Care**
- **Investing in growth**
  - Our 'home' markets
  - Diversifying the land bank
  - Strengthened development capability
- **Investing in our existing villages**
  - Protect and enhance the value of assets
- **Debt structure**
- **Share price discount to net tangible assets**

ACKNOWLEDGEMENTS

View from Manukau Building, Pinesong

THERE'S MORE TO COME AT Metlifecare

GLEN SOWRY
Chief Executive Officer

STRATEGY

Two years into ambitious growth programme

- **Significant investment required in assets, capability, people, systems and processes**
- **Growth momentum established**
  - Challenging targets being met or exceeded each year
  - Strong platform for continued improvement

CREATION OF FUTURE VALUE THROUGH

ACCELERATED **GROWTH**

CUSTOMER **EXPERIENCE**

COMMERICAL **INTENSITY**

CUSTOMER EXPERIENCE

THERE'S MORE TO COME AT Metlifecare

LIFTING OUR VILLAGE EXPERIENCE

THERE'S MORE TO COME AT Metlifecare

- Company-wide Customer Service Principles introduced and embedded
- Ongoing growth in cafés, dining facilities and revenue
- Reader's Digest 2018 "Trusted Brand" survey – highly commended

A NEW STANDARD IN CARE

THERE'S MORE TO COME AT Metlifecare

- **Completion of first year of resident-directed care**
- **Two new homestead-style care homes opened**
- **Ministry of Health certification**
  - all full audits in FY18 achieved gold standard four year certifications; 63% of care homes currently have four year certifications
- **NZ Aged Care Association's 2018** Winner of Built and Grown Environment Award
- **Premium care revenue up 158%**
- **Eight new care homes planned**

INVESTING IN OUR PEOPLE

THERE'S MORE TO COME AT Metlifecare

- **Advancement in pay conditions**
  - Pay equity extended to home support workers
  - New collective agreement, minimum wage commitment
  - Nursing pay relativities maintained
- **Industry leader in staff development**
  - 12,000 hours of learning & development
- **Staff turnover reduced 12% in villages, 20% in care**
- **Staff engagement 80%**
- **New Health & Safety framework and processes**

Artist Impression, Papamoa Beach Community Centre

THERE'S MORE TO COME AT Metlifecare

ACCELERATED GROWTH

ACCELERATED GROWTH HIGHLIGHTS

THERE'S MORE TO COME AT Metlifecare

- **All development targets met or exceeded**
  - 254 new homes and care beds
  - 27% development margin
  - Two new sites acquired
- **Development land bank of 1,744 new homes and care beds**
- **Development programmes in planning or construction in 11 villages**
  - 763 homes and care beds consented
  - 392 units and care beds under construction
- **FY19 anticipated completion of 145 new homes and two new care homes**
- **2020 build rate 300+ per year**

254 NEW HOMES AND CARE BEDS COMPLETED

THERE'S MORE TO COME AT Metlifecare

SOMERVALE

69-bed homestead care home

16 care apartments

GREENWICH GARDENS

62 homes

OAKRIDGE VILLAS

29 homes

PAPAMOA BEACH VILLAGE

30 homes

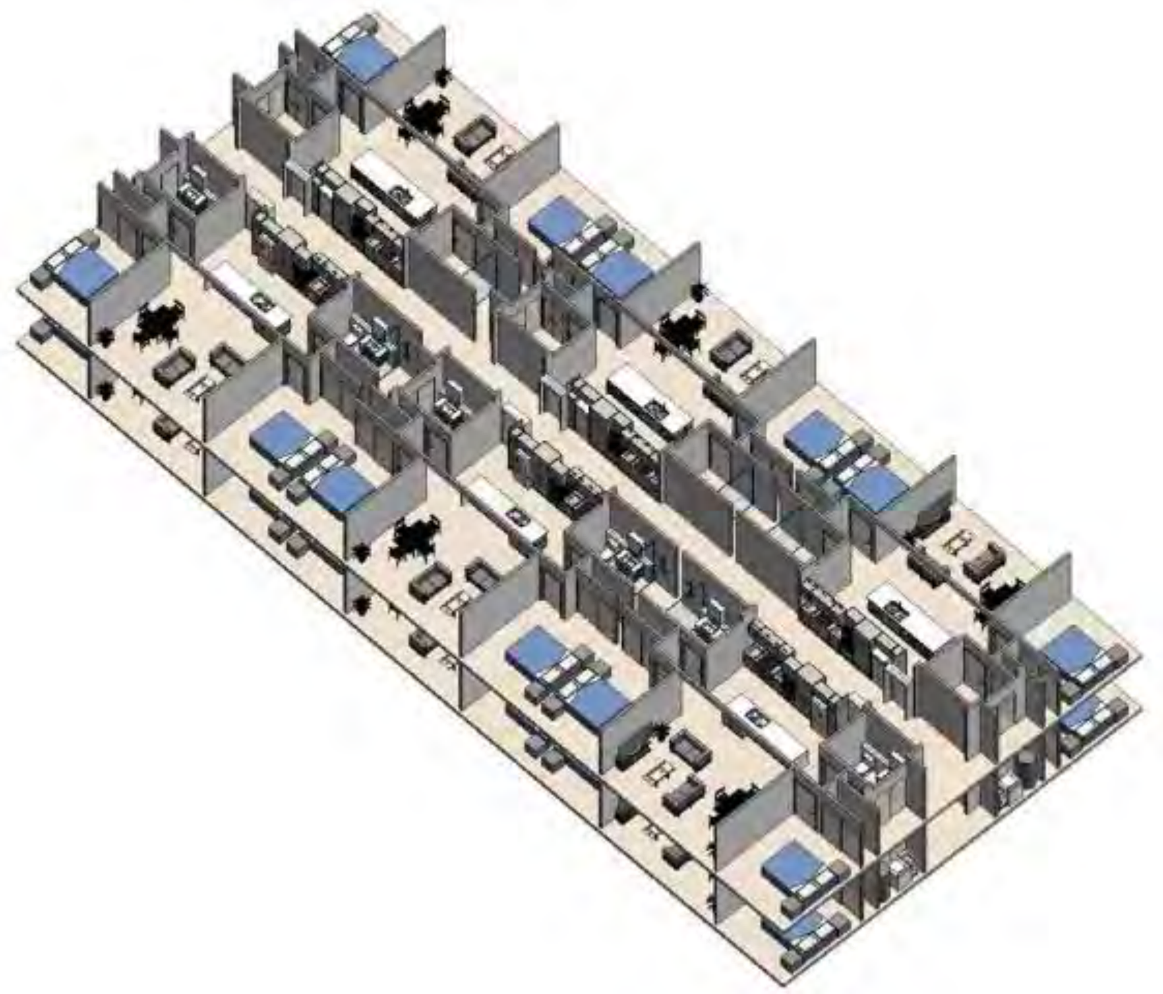
PINESONG MANUKAU BUILDING

48 homes

INCREASING DEVELOPMENT EFFICIENCY

THERE'S MORE TO COME AT Metlifecare

- **Cost-effective provision of high quality homes**
- **Standardised designs at all new villages and refurbishment at existing villages**
- **Comprehensive design manual providing standard modules**
  - provide flexibility and support scale production
  - ILU bedrooms, bathrooms, wardrobe systems, kitchens and care suites
  - Technical and procurement efficiencies



TWO NEW SITES PURCHASED

THERE'S MORE TO COME AT Metlifecare

ORION POINT

250 homes
Including waterfront villas and apartments

40-bed homestead care home

BEACHLANDS

175 homes
Including villas and apartments

40-bed homestead care home

GULF RISE, RED BEACH

THERE'S MORE TO COME AT Metlifecare

Artist Impression

GULF RISE, RED BEACH

THERE'S MORE TO COME AT Metlifecare

Artist Impression

GULF RISE, RED BEACH

THERE'S MORE TO COME AT Metlifecare

Artist Impression

EDGEWATER, EAST AUCKLAND

THERE'S MORE TO COME AT Metlifecare

Artist Impression

EDGEWATER, EAST AUCKLAND

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EDGEWATER, EAST AUCKLAND

THERE'S MORE TO COME AT Metlifecare

Artist Impression

Refurbished café at Bayswater

THERE'S MORE TO COME AT Metlifecare

COMMERCIAL INTENSITY
Investing in our Villages

VILLAGE REGENERATION

THERE'S MORE TO COME AT Metlifecare

PINESONG MANUKAU BUILDING

- **Site intensification:** 48 new homes replaced 19 older homes
- **Buybacks:** 12 homes repurchased to re-accommodate affected residents
- **On completion:** saleable stock - 36 new homes and 12 stock homes used for temporary accommodation
- **Expected Development Margin** $6m allowing for buyback costs

VILLAGE REMEDIATION AND BETTERMENT

THERE'S MORE TO COME AT Metlifecare

COASTAL VILLAS

- 70 homes being brought up to modern building standards between FY17 and FY23
- **Buybacks:** Seven homes repurchased across the village to re-accommodate affected residents
- **Results to date:** Average selling price achieved on homes completed and resold has increased from $425k to $545k (28%)

MORE TO COME

THERE'S MORE TO COME AT Metlifecare

Artist Impression - Crestwood

Artist Impression - The Avenues

MORE TO COME

THERE'S MORE TO COME AT Metlifecare


THERE'S MORE TO COME AT
Metlifecare
QUESTIONS?

THERE'S MORE TO COME AT Metlifecare

BUSINESS OF THE MEETING

RESOLUTION 1

THERE'S MORE TO COME AT Metlifecare

TO RE-ELECT RETIRING DIRECTOR CHRIS AIKEN

Chris Aiken retires from office at the Annual Meeting and, being eligible, offers himself for re-election.

RESOLUTION 2

THERE'S MORE TO COME AT Metlifecare

TO RE-ELECT RETIRING DIRECTOR DR NOELINE WHITEHEAD

Dr Noeline Whitehead retires from office at the Annual Meeting and, being eligible, offers herself for re-election.

RESOLUTION 3

TO AUTHORISE THE DIRECTORS TO FIX THE FEES AND EXPENSES OF THE AUDITOR OF THE COMPANY

pwc

QUESTIONS & THANK YOU

THERE'S MORE TO COME AT Metlifecare

DISCLAIMER

THERE'S MORE TO COME AT Metlifecare

- The presentation includes non-GAAP financial measures for topics including embedded value, development sales, resales and occupancy which assist the reader with issues such as understanding the volumes of homes settled during the period and the impact that development sales and resales during the period had on occupancy as at the end of the period.
- Percentage movements may differ due to rounding.
- The information in this presentation is an overview and does not contain all information necessary to make an investment decision. It is intended to constitute a summary of certain information relating to the performance of Metlifecare Limited ("Metlifecare") for the year ending 30 June 2018 and additional information. Please refer to the Financial Statements for the year ending 30 June 2018.
- The information in this presentation does not purport to be a complete description of Metlifecare. In making an investment decision, investors must rely on their own examination of Metlifecare, including the merits and risks involved. Investors should consult with their own legal, tax, business and/or financial advisors in connection with any acquisition of financial products.
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IMPORTANT NOTICE

THERE'S MORE TO COME AT Metlifecare

- Underlying operating cash flow removes the cash flows derived from the first time sale of occupation right agreements from statutory operating activities in the financial statements. It is a non-GAAP financial measure and is not prepared in accordance with NZ IFRS. Development sales cash flows are used to repay development debt so underlying operating cash flow excluding development sales is a measure of the free cash flows. Underlying operating cash flow also excludes cash outflows associated with homes bought back by the company to enable remediation and regeneration activities. These cash outflows are of an abnormal and temporary nature and will reverse in subsequent periods.
- Underlying profit removes the impact of unrealised fair value movements on investment properties, impairment of property, plant and equipment and excludes one-off gains and losses and taxation. It is a non-GAAP financial measure and is not prepared in accordance with NZ IFRS. This metric, and other non-GAAP metrics, are used to assist readers in assessing the performance of the company and are prepared consistently across reporting periods. The underlying profit measure is an industry convention involving the application of judgement, particularly in the determination of realised development margin. Accordingly, it is not calculated on a consistent basis between operators. Note 2.3 of the Financial Statements has additional detail on underlying profit, including a reconciliation to GAAP numbers.
- Realised development margin is the margin obtained on cash settlement of an occupation right agreement following the development of the unit. The calculation includes construction costs, non-recoverable GST, capitalised interest to the date of completion, land apportionment at cost and infrastructure costs but excludes construction costs associated with offices, common areas and amenities. Margins are calculated based on when a stage is completed. Margins presented are on the basis of the settled homes during the period. Note 2.3 of the Financial Statements has additional detail.
- Total settlement figures include resale settlements for Metlifecare Palmerston North which under the changes to NZ IFRS 11 in relation to joint venture accounting are excluded when calculating average settlement values in the operational section. In FY18 resale settlements for Metlifecare Palmerston North were ILU's 4 and SA's 13 (FY17 ILU's 8 and SA's 19). DMF and realised resale gains figures exclude resale settlements for Metlifecare Palmerston North when calculating average settlements.
- Embedded value is calculated by taking the sum of the CBRE unit prices of homes across the portfolio, deducting the resident refundable loan liability as per the balance sheet and company-owned stock items. The embedded value is a combination of Resale Gains and Deferred Management Fee receivable. The value of the Deferred Management Fee receivable is as per note 3.1 of the Financial Statements and the balance is Embedded Resale Gains. The per unit calculations have been adjusted to exclude the Palmerston North joint venture. Embedded value assists readers to understand the potential future cash flows from Realised Resale Gains and Deferred Management Fee Receivables.
- Percentage changes refer to movements to the pcp unless otherwise stated.