METLIFECARE FY18

RESULTS PRESENTATION

27 AUGUST 2018

AGENDA

THERE'S MORE TO COME AT Metlifecare

- FY18 Highlights
- Business Strategy Overview
- Financial Results
- Outlook
- Appendices

THERE'S MORE TO COME AT Metlifecare

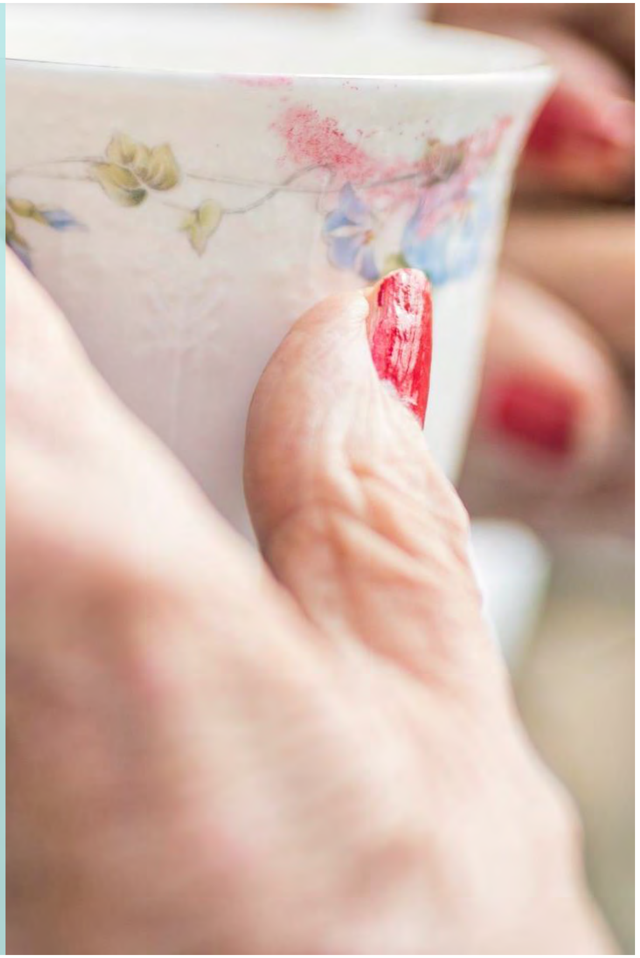
Artist Impression: Pavilion, Gulf Rise

FY18 HIGHLIGHTS

FY18 RESULT AT A GLANCE

THERE'S MORE TO COME AT Metlifecare

Record Underlying Profit	$87.5m
Record Underlying Operating Cash Flow	$54.3m
Net Profit After Tax	$125.1m
Fair Value Movement in Investment Properties	$134.9m
Record number of new homes and beds delivered	254
Final Dividend	6.75cps
Full Year Dividend	10.0cps
Total Assets	$3.29bn
Net Assets Per Share	$6.93



FY18 PERFORMANCE SUMMARY

THERE'S MORE TO COME AT Metlifecare

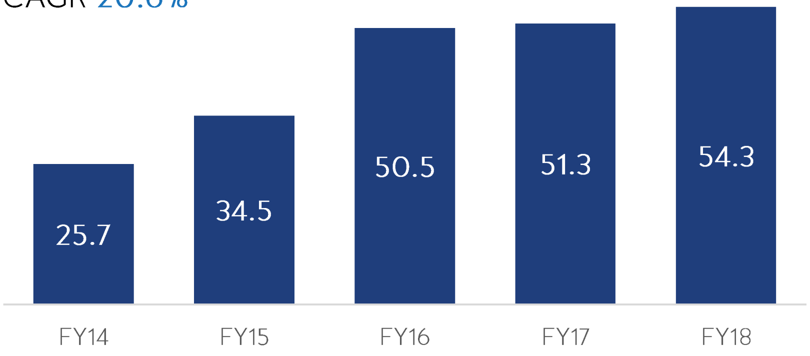
	FY18	FY17	Movement
Underlying Operating Cash Flow ($m)	54.3	51.3	+6%
Underlying Profit ($m)	87.5	82.1	+7%
Net Profit After Tax ($m)	125.1	251.5	-50%
Fair Value Movement in Investment Properties ($m)	134.9	258.8	-48%
Total Assets ($m)	3,291.0	2,960.6	+11%
Embedded Value per unit ($'000)	281	269	+5%
Village Occupancy (%)	98	98	-
Care Home Occupancy (%)	95	96	-1%
New homes and care beds delivered	254	235	+8%
Development Margin	27%	23%	+4ppts
Net Assets per Share	$6.93	$6.43	+8%

CONTINUED IMPROVEMENT IN KEY FINANCIAL METRICS

THERE'S MORE TO COME AT Metlifecare

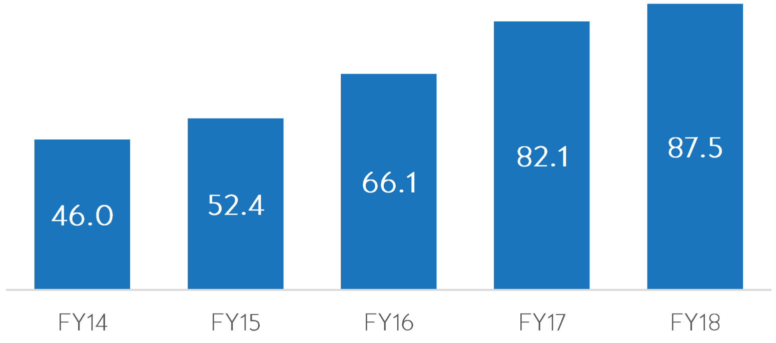
Underlying Operating Cashflow ($m)

5 Year CAGR 20.6%



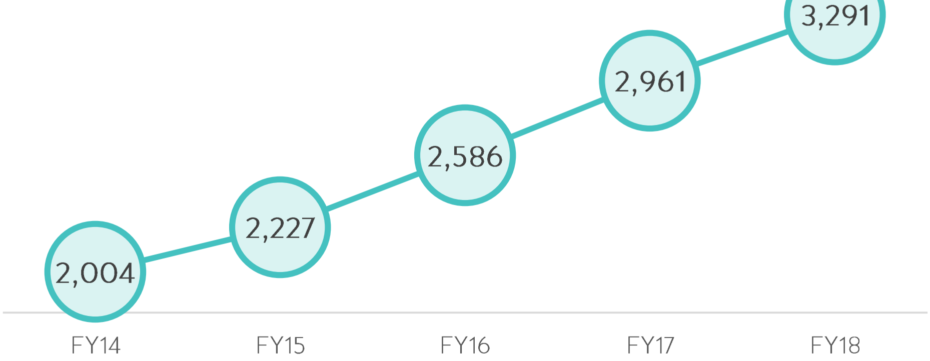
Underlying Profit ($m)

5 Year CAGR 17.6%



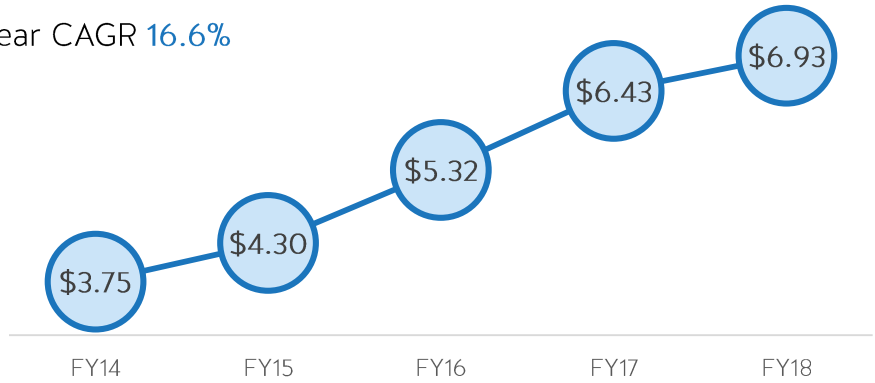
Total Assets ($m)

5 Year CAGR 13.2%



Net Assets per Share

5 Year CAGR 16.6%



FY18 OPERATIONAL HIGHLIGHTS

THERE'S MORE TO COME AT Metlifecare

- **Two new premium care homes opened:** with occupancy exceeding 90%: Greenwich Gardens (48 beds) and Somervale (69 beds)
- **Outstanding MOH care home audit results:** 100% achievement of 'gold standard' four year certification in FY18
- **Highly commended in Reader's Digest 2018 "Trusted Brand" survey**
- **Customer Service Principles introduced and embedded:** 96% resident satisfaction with our staff
- **Continued gains in satisfaction and use of cafes and dining facilities**
- **New pay equity rates:** voluntarily extended to all Home Support workers
- **Investment in staff development and conditions:** with 12% reduction in staff turnover

FY18 DEVELOPMENT PLAN SUCCESSFULLY COMPLETED...

THERE'S MORE TO COME AT Metlifecare

OAKRIDGE VILLAS – 29 homes (Stage 6) completed

SOMERVALE – 69 bed Care Home and 16 SAs completed

PINESONG – 48 unit multi-level redevelopment completed

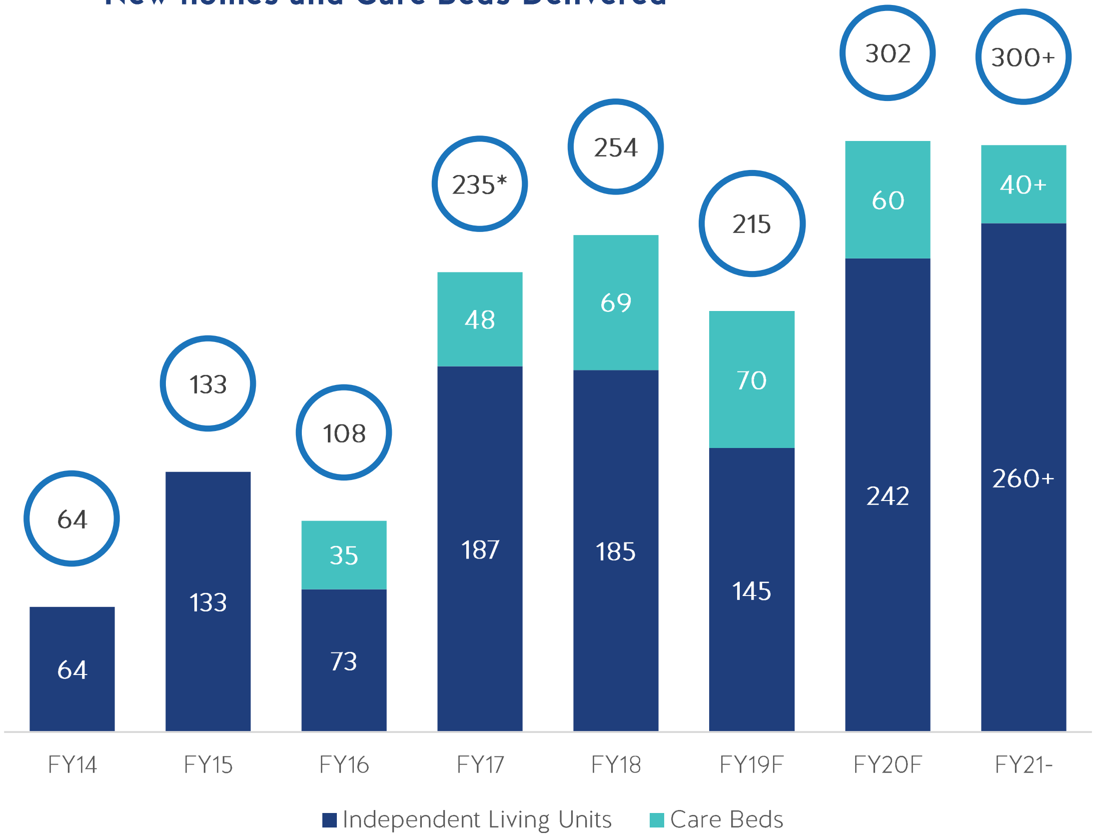
PAPAMOA BEACH VILLAGE – 30 homes (Stage 5) completed

GREENWICH GARDENS – 62 homes (Stages 3 and 6) completed

…AND FURTHER DEVELOPMENT AND PLANNING IS WELL UNDERWAY AT 11 SITES

THERE'S MORE TO COME AT Metlifecare

New homes and Care Beds Delivered



- **Villages open with construction continuing**
  - Greenwich Gardens; further 189 unit development, 48 to be completed in FY19
  - Papamoa Beach Village; 29 homes and 40 bed care home (including dementia care) to be completed in FY19
  - Crestwood; 13 unit development to be completed in FY19
- **New villages under construction**
  - Gulf Rise; a 283 unit development at Red Beach, 55 homes to be completed in FY19
- **Villages in planning and design phase**
  - Edgewater Village, Pakuranga (formerly Pakuranga Village) (Regeneration)
  - Botany Road, Auckland
  - Orion Point, Hobsonville
  - Beachlands, East Auckland

**The construction of the Oakridge Villas care home has been deferred to avoid the operational challenges associated with having three new care homes opening simultaneously in June 2019*

Artist Impression - Street View, Gulf Rise

THERE'S MORE TO COME AT Metlifecare

BUSINESS STRATEGY OVERVIEW

METLIFECARE'S VALUE PROPOSITION

THERE'S MORE TO COME AT Metlifecare

- **Quality village portfolio**
  - located in strong economies, high median house prices and supportive demographics
  - high demand and occupancy
- **High-value assets**
  - reliable current and future DMF earnings and resale margins
  - high embedded values
- **Operational excellence**
  - quality teams delivering exceptional experiences and care
  - flexible, resident-led approach
- **Consistent growth in normalised earnings and cash flows**
- **Expansion programme**
  - new village development – six-year pipeline in place
  - value-accretive village regeneration and intensification
  - accelerated premium care home development
  - build rates increasing to 300+ FY20 and onwards
- **Strong balance sheet**
- **Attractive sector fundamentals**
  - favourable long-term demographic outlook

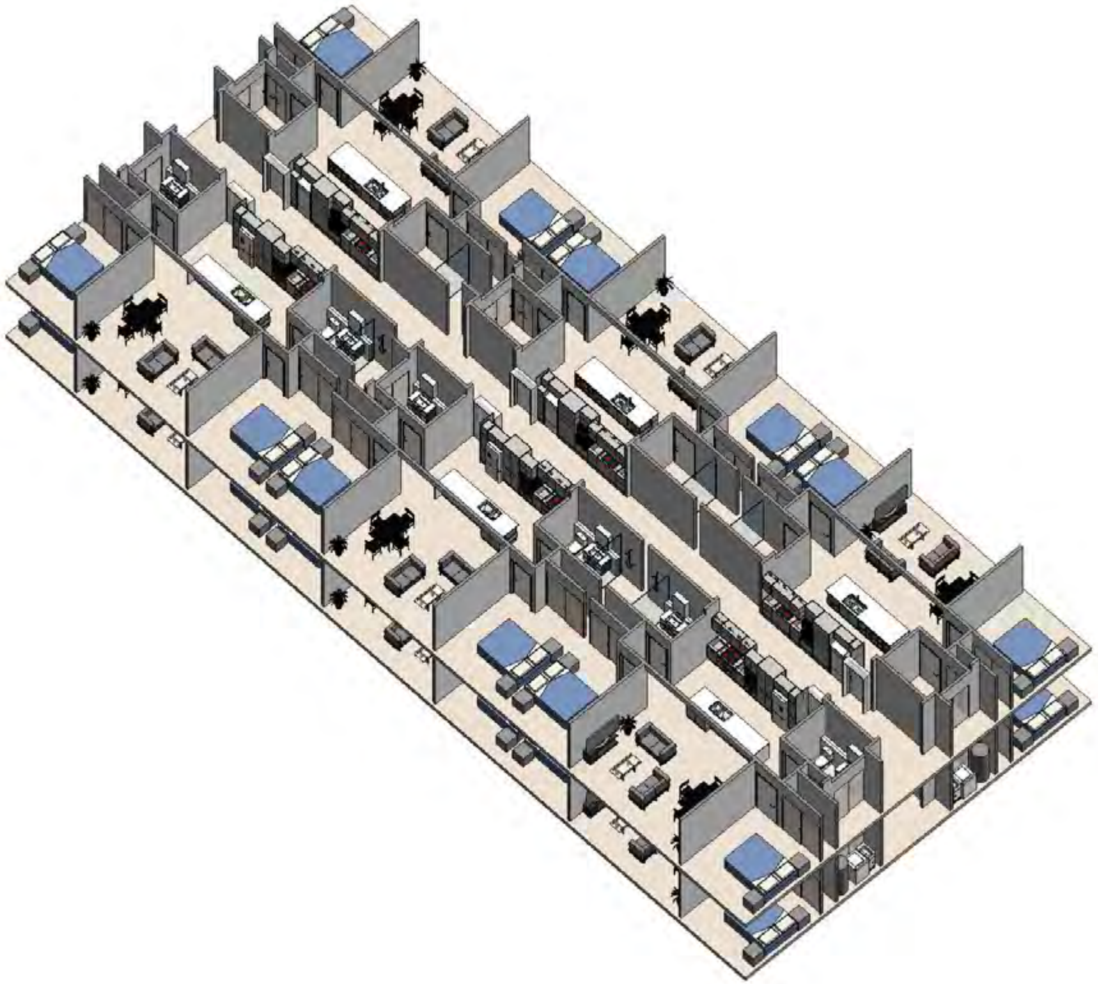
METLIFECARE'S STRATEGIC DRIVERS

THERE'S MORE TO COME AT Metlifecare

Creation of future value through	Key focus on
ACCELERATED GROWTH	• Increased rate and efficiency of new development • Further strengthening and leveraging the development pipeline
COMMERICAL INTENSITY	• Superior sales capability and market knowledge • Targeted reinvestment in existing villages • Fit for purpose refurbishment programme to maximise value and competitiveness
CUSTOMER EXPERIENCE	• Ongoing commitment to care expansion • Investing in our people • Superior food and dining • Understanding and meeting resident needs

INCREASING THE EFFICIENCY OF NEW DEVELOPMENTS

THERE'S MORE TO COME AT Metlifecare



- **Comprehensive design manual** developed by the company's internal design team incorporating standard modules that provide flexibility and support scale production
- **Standard modules** for ILU bedrooms, bathrooms, wardrobe systems, kitchens and care suites (including bathrooms)
- **Driving technical and procurement efficiencies** and standardised designs at all new villages and refurbishment at existing villages

VALUE CREATION THROUGH REINVESTMENT IN EXISTING ASSETS

THERE'S MORE TO COME AT Metlifecare

PINESONG

- **Site intensification**: 48 new homes replaced 19 existing older homes
- **Buybacks:** 12 homes repurchased across the village for re-accommodating affected residents
- **On completion:** saleable stock: 36 new homes, deferred sale of 12 new homes, sale of 12 stock homes used for temporary housing
- **Expected Development Margin:** $6m allowing for buyback costs

COASTAL VILLAS

- **Unit regeneration:** 70 homes being brought up to modern building standards between FY17 and FY23
- **Buybacks:** 67 homes to be repurchased across the village for re-accommodating affected residents
- **Results to date: Average selling price achieved on** homes completed and resold has increased from $425k to $545k (+28%)

COMMITMENT TO CARE

THERE'S MORE TO COME AT Metlifecare

- **Resident-directed care fully in place**
  - high resident and family satisfaction - 93%
  - 95% overall care occupancy (excluding new care homes)
- **Integrated electronic clinical systems in all villages**
- **All four full audits in FY18 achieved four year certification**
- **53% of all beds are attracting premium charging**
  - premium revenue up 158%; average per bed up 138%
- **Eight new care homes planned**
  - all will be homestead-style (premium)
  - village clusters ensure all villages are supported by care
- **Conversion of serviced apartments to care suites**
  - new hospital-level MOH certified care suites at Pinesong
  - certifying Serviced Apartments to rest home level care to leverage this investment
- **Positive outcomes from ongoing investment in staff**
  - increased care staff retention
  - pay equity rates voluntarily extended to all home support workers
  - pay alignment with qualifications to encourage skill development

The Avenues Care Home (under construction)

Certification	FY16	FY17	FY18
2 Year	2	1	1
3 Year	4	5	3
4 Year	1	1	4
Total Care Homes	7	7*	8*

*Pakuranga Care Home decommissioned in FY17. Greenwich Gardens and Somervale Care Homes commissioned in FY18

INVESTING IN OUR PEOPLE

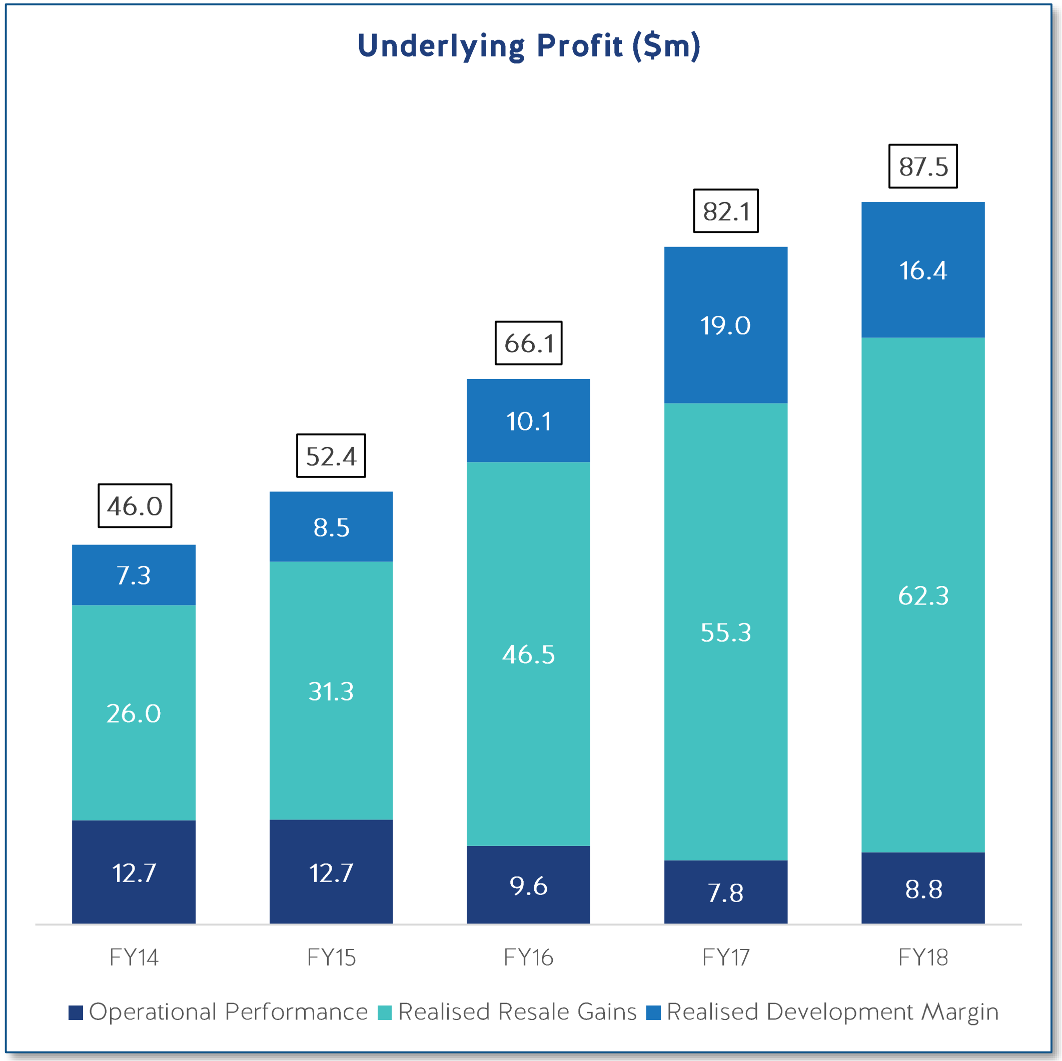
THERE'S MORE TO COME AT Metlifecare

- **Continued investment in learning and development**
  - 12,000 hours of training delivered to more than 1,000 staff
  - 3 year leadership development programme completed (85 leaders)
  - Customer Service Principles workshops completed by all staff
  - Resident-directed care clinical training (all care staff)
- **Engaged staff**
  - 12% reduction in overall staff turnover, 20% reduction in care staff turnover
  - 80% overall staff engagement
- **Health & Safety framework and processes embedded**
- **Residents' satisfaction with staff rated at 96%**

FINANCIAL RESULTS

RECORD UNDERLYING PROFIT - STRONG REALISED RESALE GAINS AND DEVELOPMENT MARGINS

THERE'S MORE TO COME AT Metlifecare



Year ended 30 June (NZDm)	FY18	FY17	Change
Village fees and care revenue	59.9	56.0	7.0%
Deferred management fees	52.4	48.8	7.4%
Other Income	2.8	2.9	3.4%
Realised Resales Gains	62.3	55.3	12.7%
Realised Development Margin	16.4	19.0	13.7%
Joint Venture Share of Profit	2.0	2.6	23.1%
Total Income	195.8	184.6	6.1%
Operating Expenses	99.9	90.2	10.8%
Resident Share of Capital Gains	4.7	9.3	49.5%
Depreciation and amortisation	3.8	3.0	26.7%
Net finance costs	(0.1)	0.0	-
Total Expenses	108.3	102.5	5.7%
Underlying Profit	87.5	82.1	6.6%

Full year underlying profit of $87.5m, 6.6% up on FY17

- Tracked ahead of guidance with better than expected margins on both development and resale settlements (refer next page for detail)
- **18% compound annual growth rate in Underlying Profit** since FY14
- Cash generation from resales remains a key strength of the Metlifecare portfolio

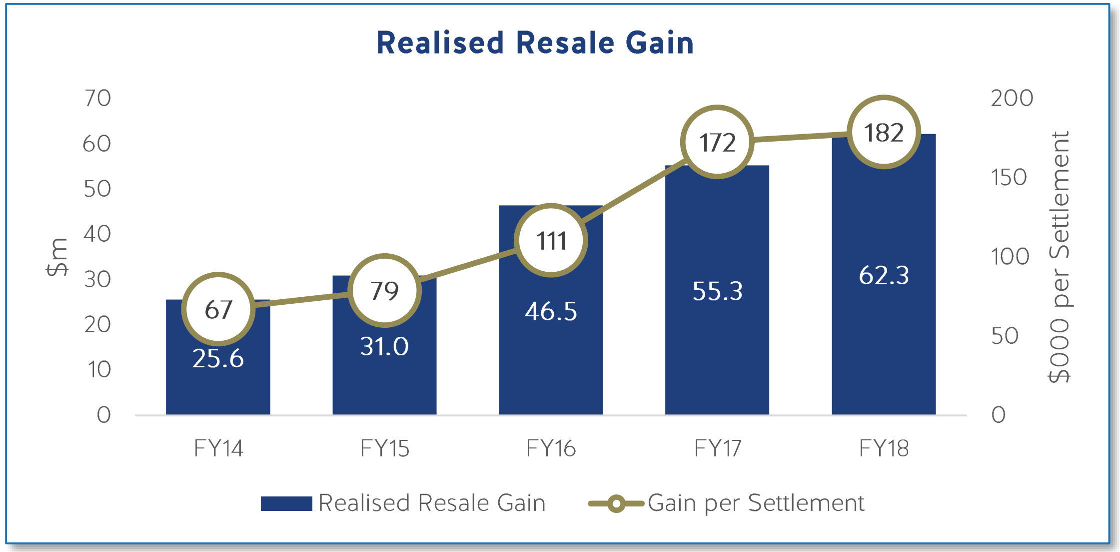
RESALES OF 343 OCCUPATION RIGHTS AT STRONG MARGINS

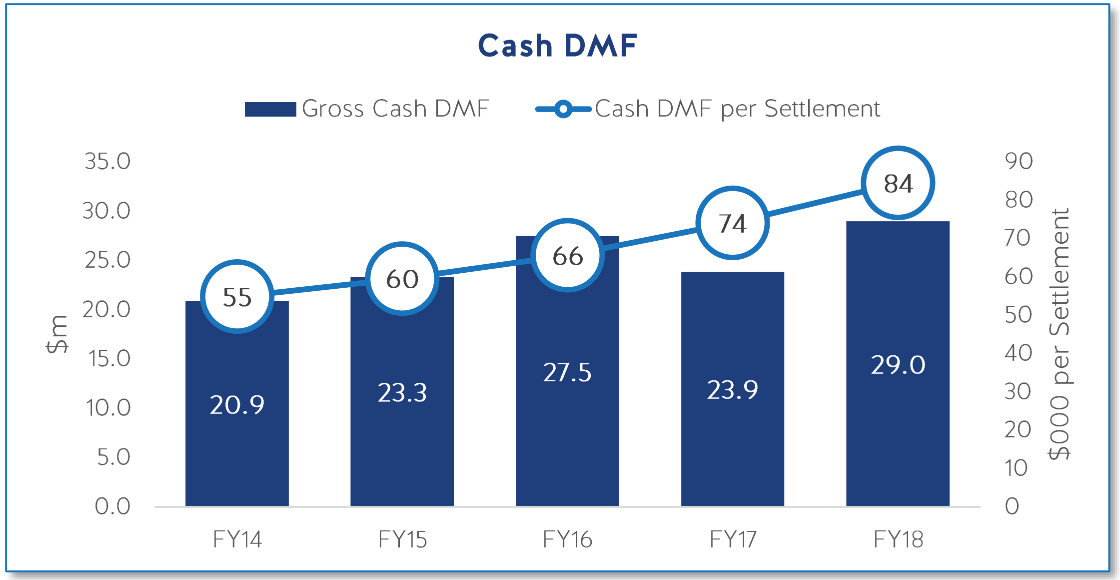
THERE'S MORE TO COME AT Metlifecare

Year ended 30 Jun (NZDm)	FY18	FY17	Change
Resales			
ILU	255	233	9.4%
SA	88	89	1.1%
Total Resales	343*	322*	6.5%
- Value ($m)	183.6	163.2	12.5%
- Average price per unit ($'000)	544.6	503.8	8.1%
- Realised Resale Gains ($m)	62.3	55.3	12.6%
- Realised Resale Margin (%)	34%	34%	-
- Realised DMF ($m)	29.0	23.9	21.5%
Resales Stock			
Contracted (ILU/SA)	53/12	46/12	12.1%
Uncontracted (ILU/SA)	58/39	69/26	2.1%
Total Resales Stock	162	153	5.9%

**360 resale settlements including the Palmerston North Village JV*

- **Average resale prices** achieved were higher than FY17 despite a similar mix of ILUs and SAs returned. Refer to the **Appendix F** for further detail
- **Available resales stock volumes** have increased reflecting higher than expected returns in April 2018. 42 stock homes were bought back during the period to facilitate remediation and regeneration activity. These homes are not included in available resales stock for reporting purposes

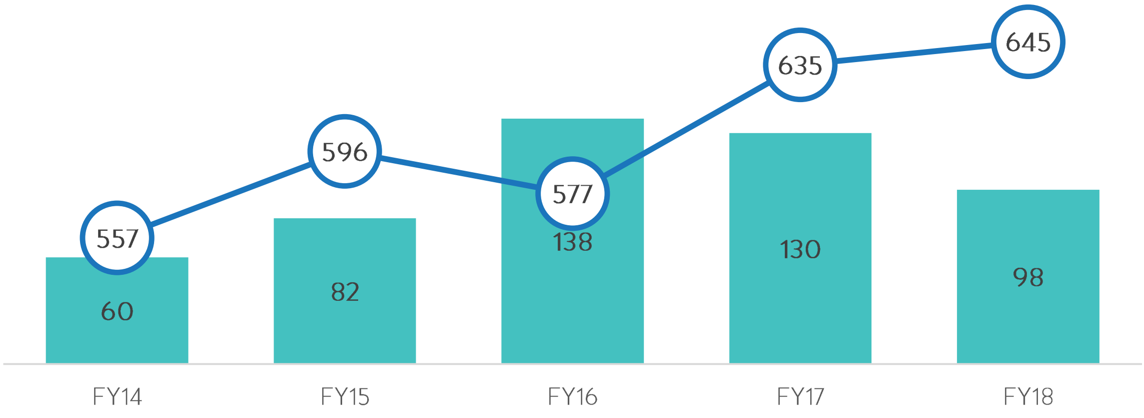




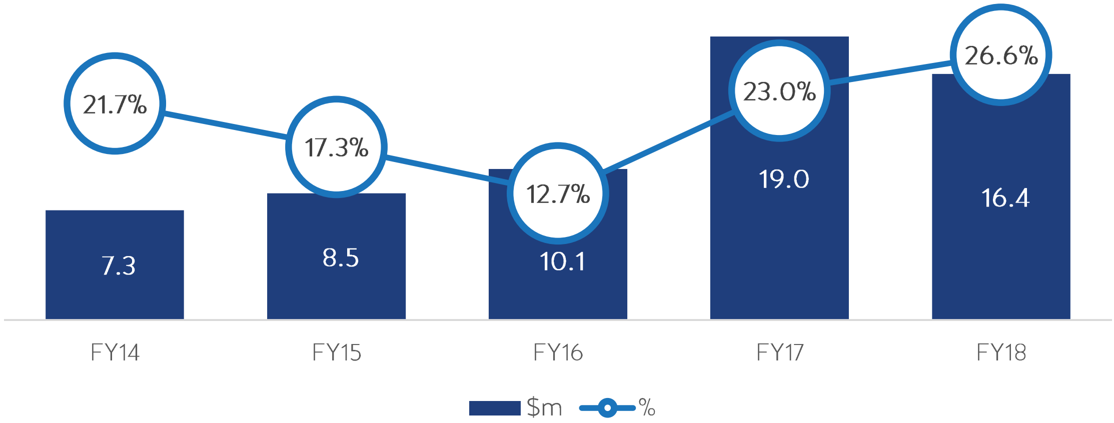
RECORD DEVELOPMENT MARGIN - 27%; REALISED MARGIN - $16.4M

THERE'S MORE TO COME AT Metlifecare

Development Sales Volume and Average ORA Price ($000)



Development Margin



Year ended 30 Jun (NZDm)	FY18	FY17	Change
New homes sold			
- Value ($m)	61.8	82.5	25.0%
- Average Value per Settlement ($'000)	645	635	1.6%
- Development Margin ($m)	16.4	19.0	13.3%
- Development Margin	27%	23%	13%
Development Stock			
Contracted (ILU/SA)	48/4	18/1	173.7%
Uncontracted (ILU/SA)	116/9	57/14	76.1%
Total Development Stock	177	90	96.7%

- Development margins were strong at 27%
- Lower development sales volume was a consequence, in part, of the completion of 160 of 185 new homes late in the financial year (June 2018)
- Completion timing also increased closing stock volumes
- Good volumes of contracted but unsettled development stock have been carried into FY19

GOOD UNDERLYING OPERATING CASH FLOWS ACHIEVED WITH STRONG REALISED RESALE GAINS

THERE'S MORE TO COME AT Metlifecare

Year ended 30 June (NZDm)	FY18	FY17	Change
Resident receipts	88.1	83.0	6.1%
Development Sales	61.8	82.5	25.0%
Receipts from Resales of Refundable ORA	183.6	163.2	12.5%
Repayment of Refundable ORA	(111.0)	(107.9)	2.9%
Payments to Suppliers and Employees	(99.8)	(88.1)	13.3%
GST	0.9	1.3	30.8%
Net Financing Costs	0.1	(0.1)	200.0%
Buyback Costs	(13.0)	(4.6)	184.5%
Net Operating Cash Flow as reported	110.7	129.3	14.4%
Net Operating Cash Flow as reported	110.7	129.3	14.4%
Less Development Sales	(61.8)	(82.5)	25.0%
Resident Liability Timing Adjustment*	(7.6)	-	100%
Buyback costs for remediation and regeneration	13.0	4.6	184.5%
Underlying Operating Cash Flow	54.3	51.3	5.8%

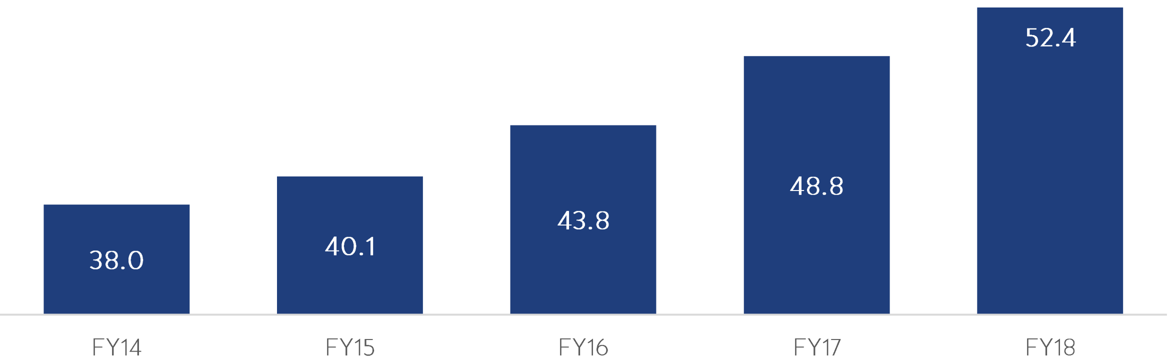
**The Resident Liability Timing Adjustment allows for the settlement, post balance date, of outgoing resident liabilities that related to homes that were resold and settled prior to balance date ($10.3m) less the associated cash DMF ($2.8m)*

NET PROFIT AFTER TAX REFLECTS MODERATING HOUSE PRICE GROWTH

THERE'S MORE TO COME AT Metlifecare

Year ended 30 Jun (NZDm)	FY18	FY17	Change
Total Revenue	115.3	109.1	5.7%
Fair Value Movement of Investment Property	134.9	258.8	47.9%
Joint Venture Share of Profit	2.0	2.6	23.1%
Less Expenses	99.9	90.2	10.8%
Less Resident Share of Capital Gain	4.7	9.3	49.5%
Less Impairment of PPE	3.8	6.2	38.7%
Less Depreciation and Amortisation	3.9	3.1	25.8%
Less Finance Costs	0.1	0.2	50.0%
Net Profit Before Tax	139.8	261.5	46.0%
Tax Expense	14.7	10.0	47.0%
Net Profit After Tax	125.1	251.5	50.3%

Accrued DMF ($m)

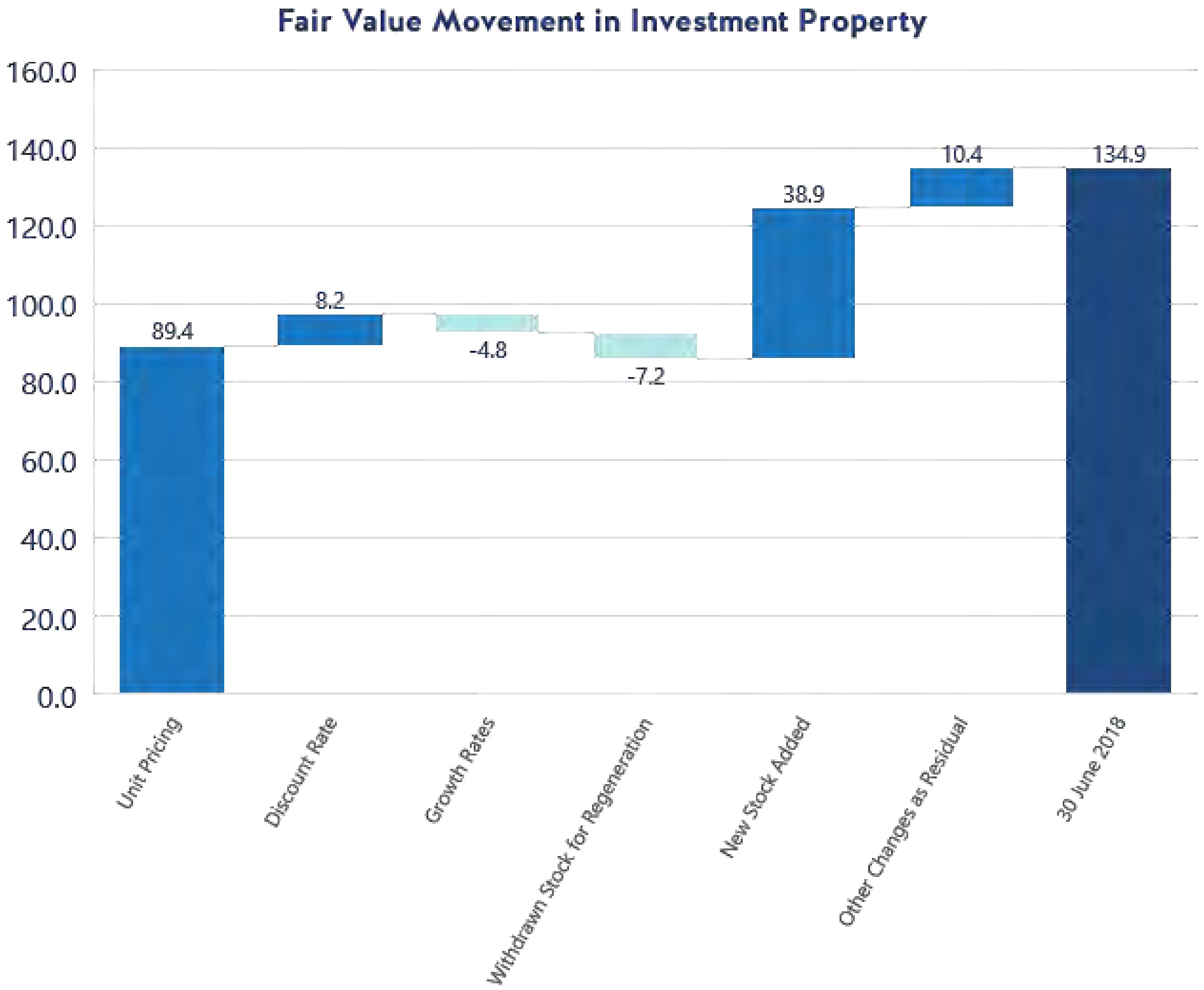


*Figures exclude Wairarapa Village which was sold in FY16

- **Total revenue includes village fees and care revenue ($59.9m) and accrued DMF ($52.4m)**
  - Accrued DMF increased $3.6m relative to the prior corresponding period reflecting higher prices achieved on new ORAs
  - Village revenue increased by $3.9m (mainly Care) resulting from higher TLA rates and premium charging, improved occupancy and the addition of the Greenwich Gardens Care Home which has more than offset the loss of revenue from the closure of Pakuranga Care Home and the removal of village fee charging post vacation date
- **Expenses were driven by a mixture of**
  - higher employee-related costs, including the impact of pay equity, inflation related increases and the addition of two new care homes
  - higher property related costs, including
    - local authority rate increases and utilities charges
    - an increase in long term maintenance costs including the expensed portion of remediation related costs
    - initial start up costs at new care homes
- **An impairment** was recognised on the Somervale Care Home

$135M FAIR VALUE MOVEMENT IN INVESTMENT PROPERTY

THERE'S MORE TO COME AT Metlifecare



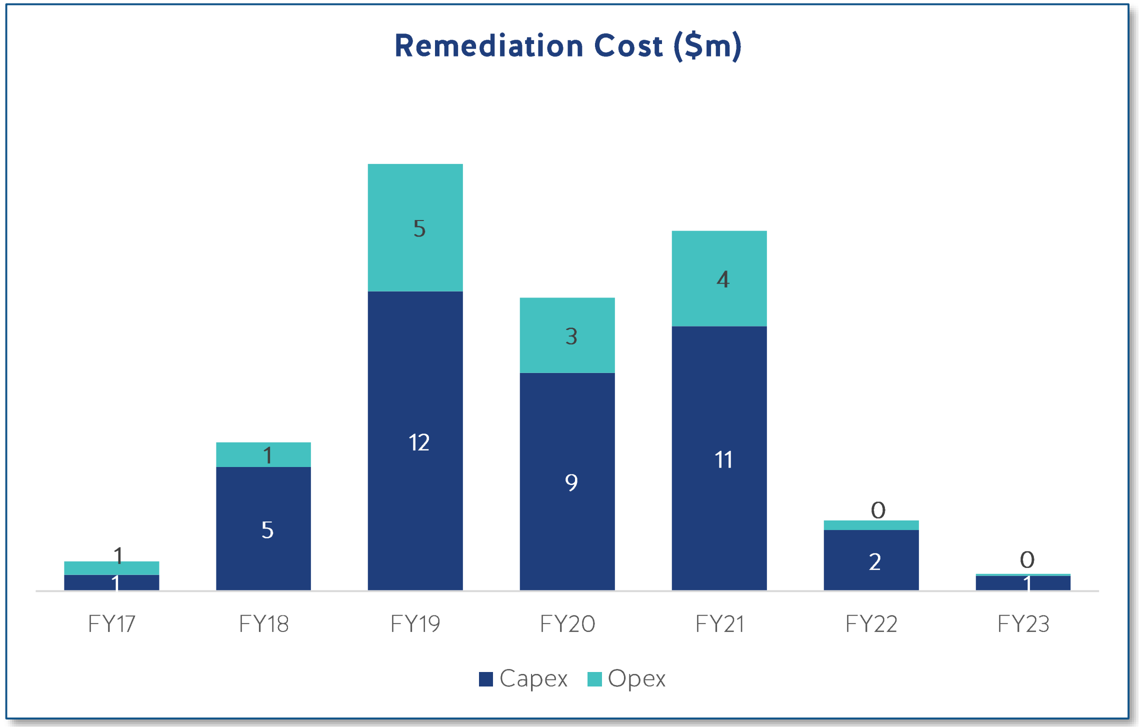
The fair value movement of $135m for FY18 was driven by

- **Unit pricing ($89m);** continued valuation uplift on existing retirement homes within the portfolio resulting in an uplift in operator's interest
- **Discount rates ($8m);** adjustments in the valuer's discount rate assumptions at The Orchards, The Poynton, Greenwich Gardens and Oakridge Villas have produced positive valuation uplift
- **Growth rates (-$5m);** reflecting lower short term growth rates in parts of the portfolio in either competitive locations and/or villages subject to planned remediation/regeneration activity
- **Withdrawn Stock (-$7m);** the acquisition of stock to fund brownfields development
- **New investment property completed in FY18 ($39m);** and
- **Other movements (-$10m);** changes in resident recycling profiles and all other valuation assumptions

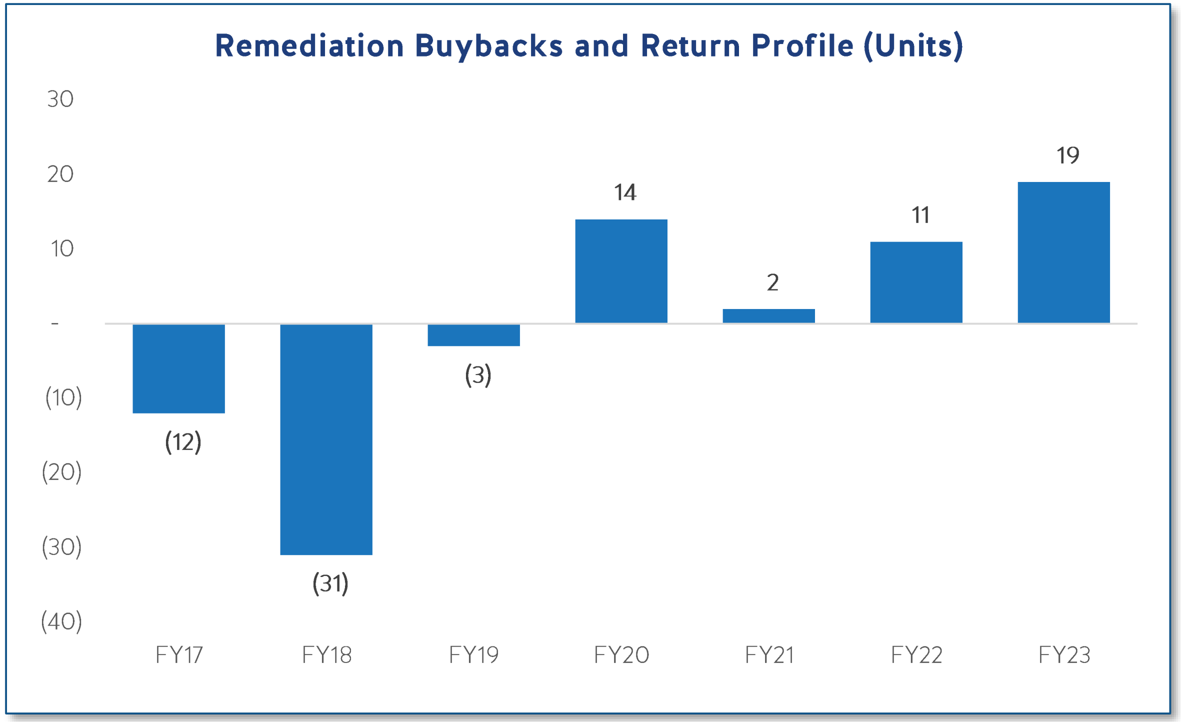
Refer to **Appendix C** for key assumptions associated with the Investment Property valuation

MAJORITY OF REMEDIATION AND BETTERMENT PROGRAMME TO BE COMPLETED OVER NEXT 3 YEARS

THERE'S MORE TO COME AT Metlifecare



All figures are indicative only, based on current best estimates of programme delivery



A further 13 unit buy backs occurred in FY18 for removal to facilitate future regeneration work (total 44)

- Metlifecare has commenced a seven year remediation and betterment programme across five villages (Coastal Villas FY19-23, Dannemora Gardens (FY19/FY20), Greenwood Park FY20, Pinesong FY20/FY21, and Waitakere Gardens FY19/FY20)
- The majority of the programme is scheduled for completion between FY19 and FY21
- $6m has been incurred in FY18, $5m of which has been capitalised
- Holding buyback stock has depressed resales gains in FY18 – these gains will be caught up when stock is released between FY20 and FY23
- The projected costs of the programme are captured in CBRE's Investment Property valuation

NET ASSET VALUE UP 8% TO $6.93 PER SHARE

THERE'S MORE TO COME AT Metlifecare

As at 30 Jun (NZDm)	FY18	FY17	Movement
Cash and Other Current Assets	49.4	23.0	114.8%
Property, Plant and Equipment	52.7	48.2	9.3%
Investment Properties	3,188.9	2,889.4	10.4%
Total Assets	**3,291.0**	**2,960.6**	**11.2%**
Trade and Other Payables	72.0	49.9	44.3%
Derivative Financial Liabilities	0.4	-	100.0%
Interest Bearing Liabilities	154.4	72.6	112.7%
Deferred Management Fees	115.1	104.6	10.0%
Refundable Occupation Right Agreements	1,355.1	1,260.2	7.5%
Deferred Tax Liability	117.7	103.1	14.2%
Total Liabilities	**1,814.7**	**1,590.4**	**14.1%**
Total Equity	**1,476.3**	**1,370.2**	**7.7%**
Net Assets per Share ($)	$ 6.93	$ 6.43	7.8%

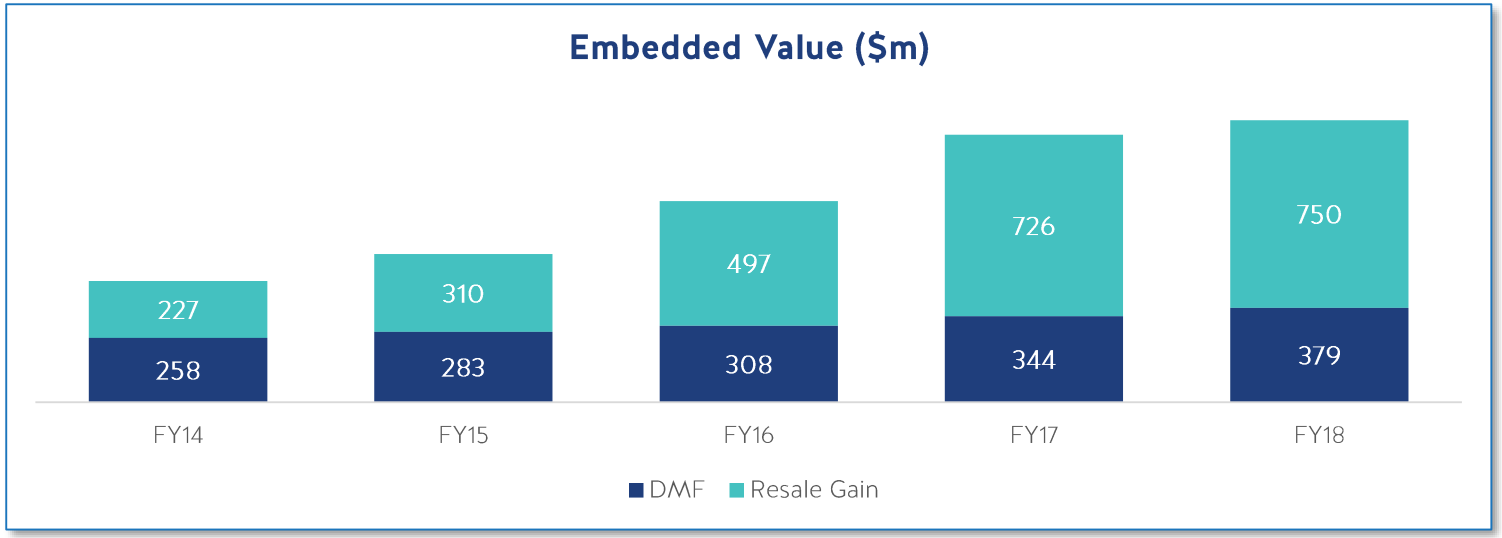
As at 30 Jun (NZDm)	FY18	FY17	Movement
Development Land	123.0	84.5	45.6%
Investment Properties under Development	36.6	36.9	0.8%
Completed Investment Properties	1,556.4	1,398.9	11.3%
Total Valuation	1,716.0	1,520.3	12.9%
Plus Refundable Occupation Right Agreements	1,713.2	1,577.1	8.6%
Plus Residents' Share of Capital Gains	35.5	35.2	0.9%
Plus Deferred Management Fee	115.0	104.6	9.9%
Less Management Fee Receivables	(381.4)	(344.4)	10.7%
Less Occupation Right Agreement Receivables	(9.4)	(3.4)	176.5%
Total Investment Properties	3,188.9	2,889.4	10.4%

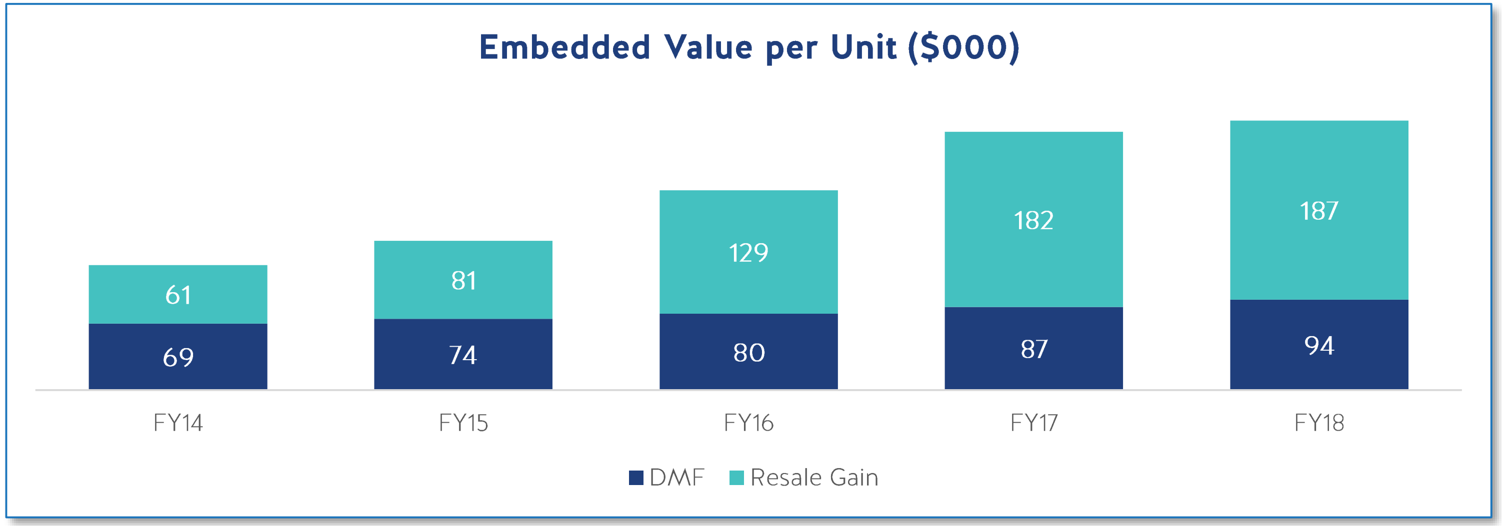
- **Total Assets of $3.29b; up 11% on FY17**
- **The total value of Investment Properties increased by $300m to $3.19b; up 10% on FY17**
- Cash and Other Assets at balance date reflected the timing of ORA settlements, an increase in prepayments (related to Beachlands) and retentions cash
- The Trade and Other Payables balance at 30 June 2018 includes
  - an accrual for the Orion Point land settlement
  - an accrual for the settlement of outgoing resident liabilities relating to homes that were resold and settled prior to balance date

Note: the Botany land settlement was included in the 30 June 2017 trade payables balance

HIGH EMBEDDED VALUES ACROSS PORTFOLIO

THERE'S MORE TO COME AT Metlifecare





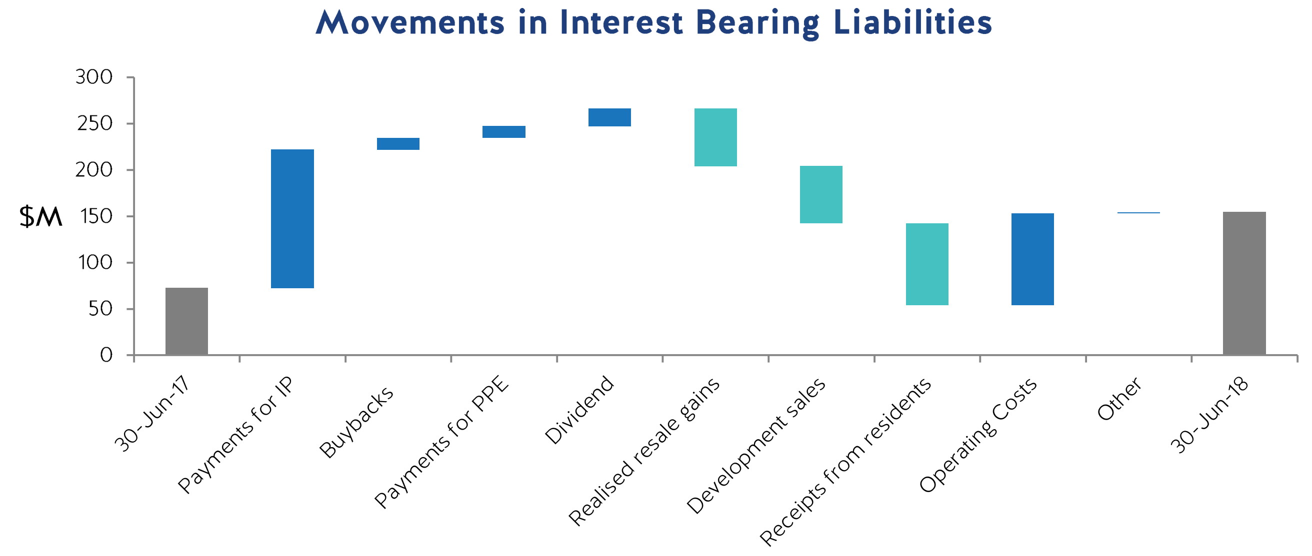
- **Embedded value per ORA** provides an indication of the potential future cash generation per settlement for the portfolio in terms of realised resale gains and DMF
- **Embedded value and embedded value per ORA has grown at compounding rates of 24% and 21% respectively since FY14**

DEBT FACILITIES HAVE INCREASED TO ALLOW FOR ACCELERATED DEVELOPMENT

THERE'S MORE TO COME AT Metlifecare

Debt Facilities (NZDm)	FY18	FY17
Available	352.0	252.0
Drawn	154.7	72.9
Cash and Cash Equivalents	16.3	2.9
Net Interest Bearing Liabilities	138.4	70.0
Gearing*	9%	5%

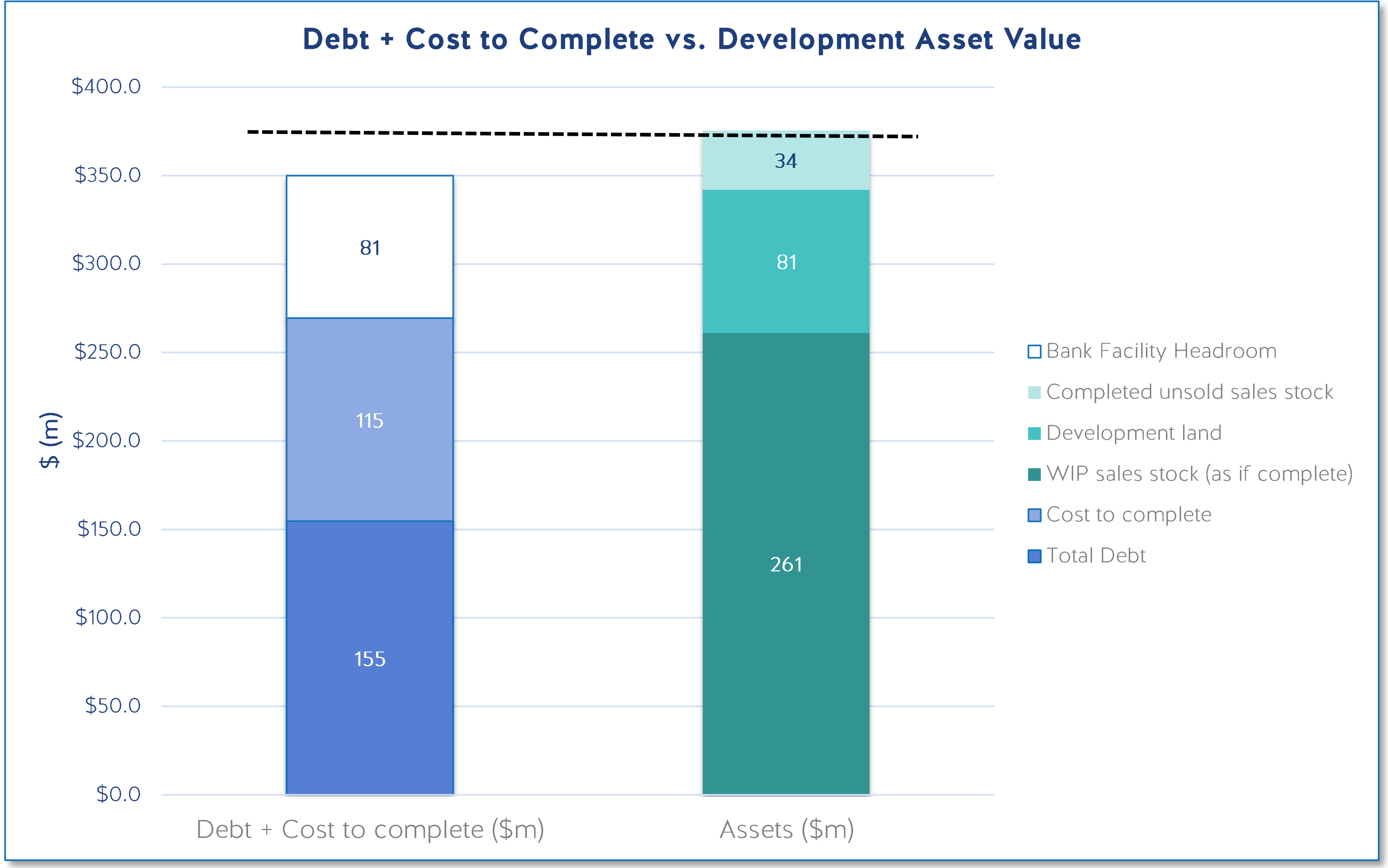
*Net Interest Bearing Liabilities/Net Interest Bearing Debt + Equity



- The company's funding arrangements were reviewed during the period and successfully increased by $100m to $352m of which $154.7m was drawn at 30 June 2018
- Maturity dates of October 2019 ($83.3m), October 2020 ($83.3m) and October 2021 ($183.3m). A further $2m overdraft facility is available
- $175m of bank debt is associated with development activity in progress and $175m is available for land acquisition and general working capital requirements
- Interest bearing liabilities have increased in FY18 reflecting the Botany land purchase, payment of the FY17 final and FY18 interim dividends, remediation and buyback costs and net working capital movements

BORROWINGS WELL SUPPORTED BY ASSET VALUES

THERE'S MORE TO COME AT Metlifecare



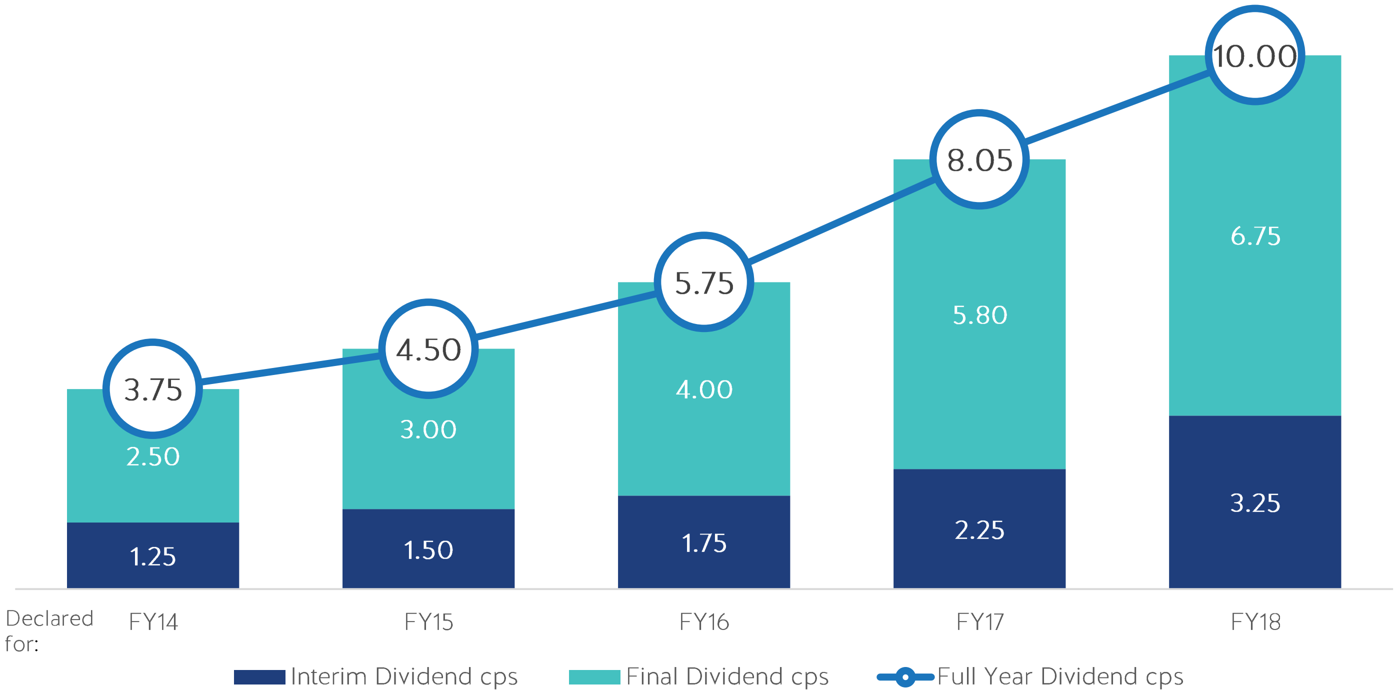
- Development projects are debt funded
- **Current borrowings plus costs to complete are well supported by the completed asset values and development land**
- Development assets of $376m are made up of
  - Completed but unsold stock of $34m
  - Undeveloped land of $81m
  - Development Work-in-Progress of $261m
- **Significant additional debt headroom exists to support the future development pipeline**

FY18 FINAL DIVIDEND

THERE'S MORE TO COME AT Metlifecare

- **A final unimputed dividend of 6.75 cps has been declared bringing total dividends for FY18 to 10.00 cps**
- Record date of 14 September 2018
- Payment date of 21 September 2018
- The company is committed to maintaining a **dividend pay-out ratio of 30% to 50% of underlying operating cash flow;** development sales are excluded on the basis that they are utilised to repay development debt associated with the construction of new villages and are, therefore, not available for distribution to shareholders
- On completion of development projects any surplus cash available will be considered for distribution

Dividend History



View from Manukau Building, Pinesong Village

THERE'S MORE TO COME AT Metlifecare

OUTLOOK

THERE'S MORE TO COME AT Metlifecare

OUTLOOK

- Strengthened building blocks in place – people, product, processes and pipeline
- Expect higher sales volumes in both development and resales weighted to the second half
- Planned completion of 145 homes and 70 care beds (215 total) – all to be delivered in Q4FY19
- Excellent progress being made in design, planning and consenting to support accelerated development delivery from FY20 onwards

APPENDICES

APPENDIX A – PORTFOLIO OVERVIEW

THERE'S MORE TO COME AT Metlifecare

Current Portfolio

- **24** EXISTING VILLAGES
- **3,888** ILUs and ILAs
- **492** CARE APARTMENTS
- **370** CARE BEDS and CARE SUITES

Pipeline

- **1,744** LAND BANK OF UNITS, CARE APARTMENTS AND CARE BEDS
- **11** DEVELOPMENT SITES
- **380** HOMES UNDER CONSTRUCTION
- **70** CARE BEDS UNDER CONSTRUCTION

APPENDIX B – PORTFOLIO SUMMARY

THERE'S MORE TO COME AT Metlifecare

Villages at 30 June 2018	ILU	Care Apartments	Total	Care Beds	Care Suites	Total	Future homes	Future Care Beds	Total	Overall Total
Crestwood	121	14	135	41		41	13	40	53	**229**
Dannemora Gardens	201		201			-			-	201
The Orchards	96		96	36		36			-	132
Hibiscus Coast Village	221	48	269			-			-	269
Hillsborough Heights	176	42	218			-			-	218
Highlands	129	70	199	41		41			-	240
Longford Park Village	151	42	193			-			-	193
Pakuranga Village	69	18	87			-	44	24	**68**	**155**
Pinesong	361	27	388	**9**		**9**			-	397
Powley	46	34	80	45		45			-	125
The Poynton	242	15	257		5	5			-	262
7 Saint Vincent	82	12	94		2	2			-	96
Greenwich Gardens	177	16	193	48		48	189		**189**	**430**
Waitakere Gardens	324		324			-			-	324
Gulf Rise			-			-	280	40	**320**	**320**
Albany			-			-	270	40	**310**	**310**
Orion Point			-			-	250	40	290	290
Botany			-			-	120	40	160	160
Beachlands			-			-	175	40	215	215
Auckland Total	**2,396**	**338**	**2,734**	**220**	**7**	**227**	**1,341**	**264**	**1.605**	**4,566**
The Avenues	90		90			-		30	30	120
Bayswater	215	17	232		6	6			-	238
Greenwood Park	229	11	240			-			-	240
Papamoa Beach Village	139		139			-	29	40	69	208
Somervale	83	27	110	69		69			-	179
Bay of Plenty Total	756	55	811	69	6	75	29	70	99	985
Coastal Villas	161	49	210	30		30			-	240
Kapiti Village	225		225			-			-	225
Palmerston North Village	49	50	99	38		38			-	137
Oakridge Villas	103		103			-		40	**40**	143
Forest Lake Gardens	198		198			-			-	198
Other Total	736	99	835	68	-	68	-	**40**	**40**	943
Total	3,888	492	4,380	357	13	370	1,370	374	1,744	6,494

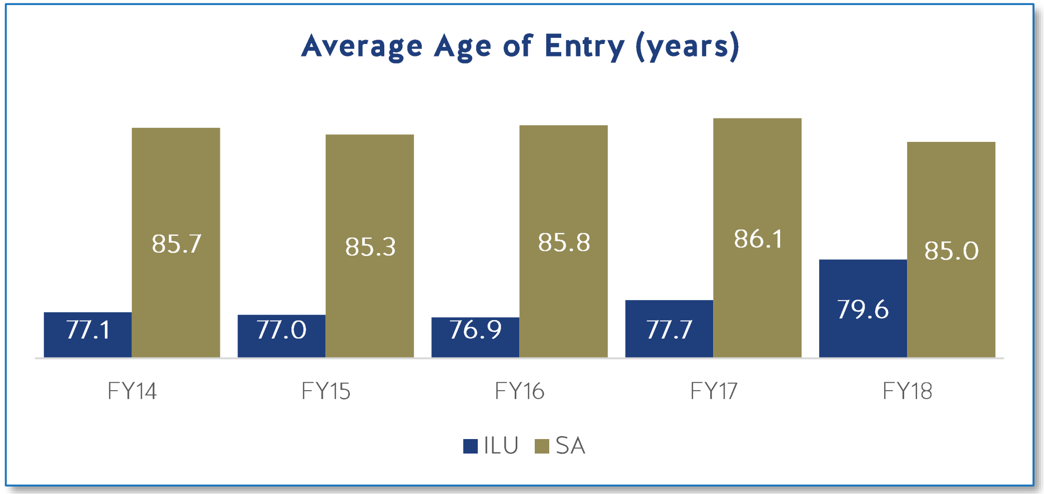
APPENDIX C – PORTFOLIO VALUATION ASSUMPTIONS

THERE'S MORE TO COME AT Metlifecare

Villages	Resident Average Age	Fair Value Movement ($m)	Valuation at 30 Jun-18 ($m)	CBRE Nominal Unit Price Inflation Assumption					
				1	2	3	4	5+	Discount Rate
The Avenues	81.23	**0.7**	31.00	0.0%	1.0%	2.0%	3.0%	3.5%	13.00%
Bayswater	82.75	**3.9**	86.20	0.0%	1.0%	2.0%	2.8%	3.5%	13.25%
Coastal Villas	83.04	**7.0**	54.60	0.0%	1.0%	2.0%	2.8%	3.3%	14.25%
Crestwood	82.27	**4.5**	50.25	0.0%	1.0%	2.0%	2.9%	3.4%	13.50%
Dannemora Gardens	80.17	**4.7**	89.90	0.0%	1.0%	2.0%	3.0%	3.5%	12.75%
Forest Lake Gardens	81.74	6.0	64.10	0.0%	1.0%	2.0%	2.5%	3.5%	12.75%
Greenwich Gardens	78.26	15.4	115.80	0.0%	0.2%	2.0%	3.0%	3.5%	14.75%
Greenwood Park	82.59	5.2	79.40	0.0%	1.0%	2.0%	3.0%	3.3%	13.25%
Hibiscus Coast Village	82.68	8.0	96.45	0.0%	1.0%	2.0%	2.8%	3.4%	13.75%
Hillsborough Heights	82.18	7.0	71.90	0.0%	1.0%	2.0%	2.9%	3.4%	13.50%
Highlands	83.89	6.5	72.40	0.0%	0.7%	1.7%	2.8%	3.3%	13.50%
Kapiti Village	80.89	11.9	45.95	0.0%	1.0%	2.0%	3.0%	3.5%	14.25%
Longford Park Village	83.63	4.1	64.35	0.0%	1.0%	2.0%	2.5%	3.4%	13.00%
The Orchards	78.91	5.1	35.65	0.0%	1.0%	2.0%	3.0%	3.5%	14.25%
Oakridge Villas	78.94	3.4	29.80	0.0%	0.5%	1.0%	2.5%	3.0%	15.00%
Pakuranga Village	83.30	1.1	27.45	0.0%	1.0%	2.0%	2.9%	3.4%	14.50%
Palmerston North Village	84.84	3.8	24.25	0.0%	1.0%	2.0%	2.7%	3.2%	13.50%
Papamoa Beach Village	77.42	4.6	47.25	0.0%	1.0%	1.5%	2.0%	3.0%	15.00%
Powley	84.50	1.7	26.40	0.0%	1.0%	2.0%	2.8%	3.3%	14.50%
The Poynton	80.90	9.1	125.60	0.0%	1.0%	1.5%	3.0%	3.5%	13.00%
Pinesong	81.64	7.5	189.90	0.0%	1.0%	2.0%	2.9%	3.5%	13.25%
Somervale	85.60	4.1	41.45	0.0%	1.0%	2.0%	2.5%	3.0%	14.50%
7 Saint Vincent	85.94	7.0	74.55	0.0%	1.0%	2.0%	2.9%	3.4%	12.50%
Waitakere Gardens	80.98	2.9	103.70	0.0%	1.0%	2.0%	3.0%	3.5%	12.75%
Gulf Rise		1.7	21.35						
Albany		1.9	24.15						
Botany		-	**21.10**						
Total	81.87	138.8	1,714.90	0.2%	0.9%	1.9%	2.8%	3.4%	13.55%

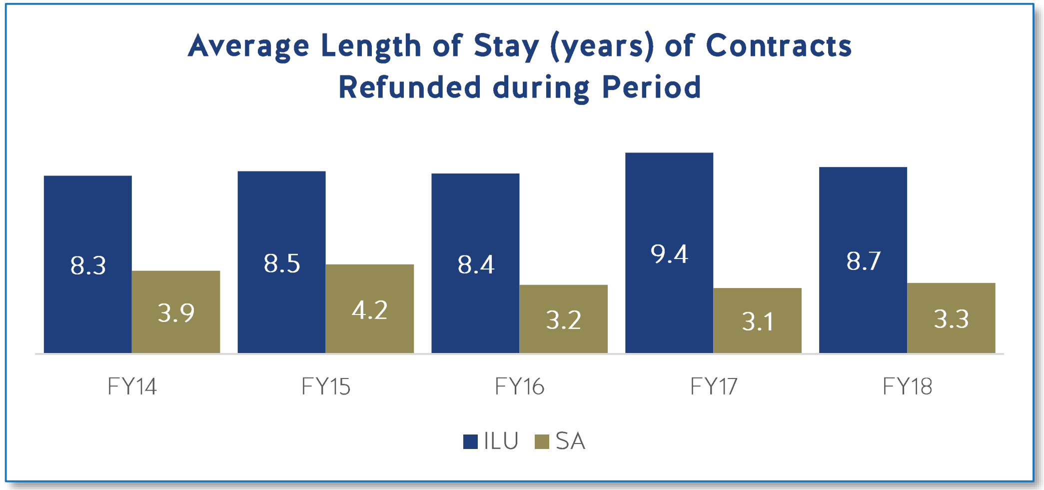
APPENDIX D – CUSTOMER PROFILE AND OCCUPANCY

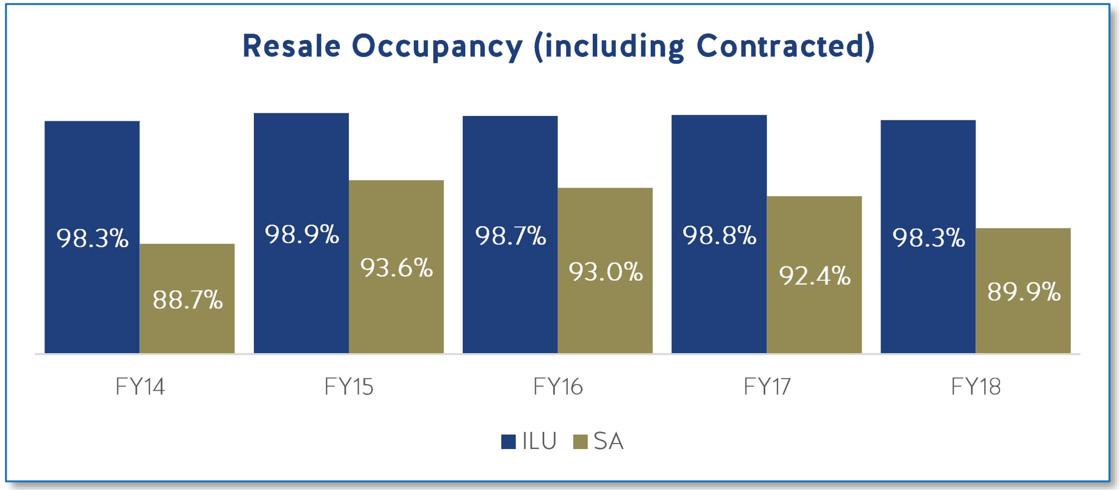
THERE'S MORE TO COME AT Metlifecare



Comments

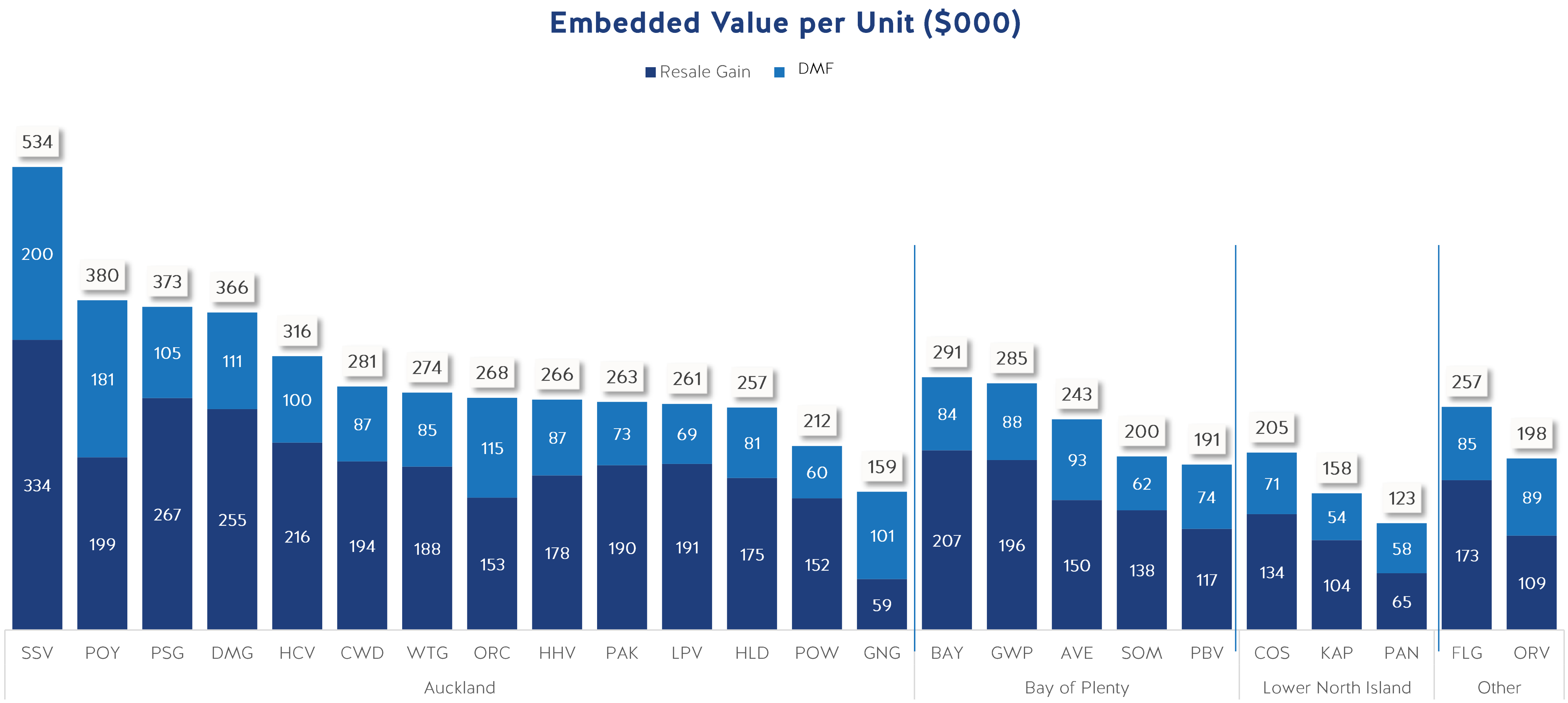
- Occupancy has remained high in ILUs. SA occupancy was impacted by higher than expected stock returns in in Q4 FY18
- The average age of entry into ILUs has increased from 77.7 years to 79.6 years
- Overall age of entry has increased from 80.6 years to 81.3 years given that ILUs comprise >85% of total inventory





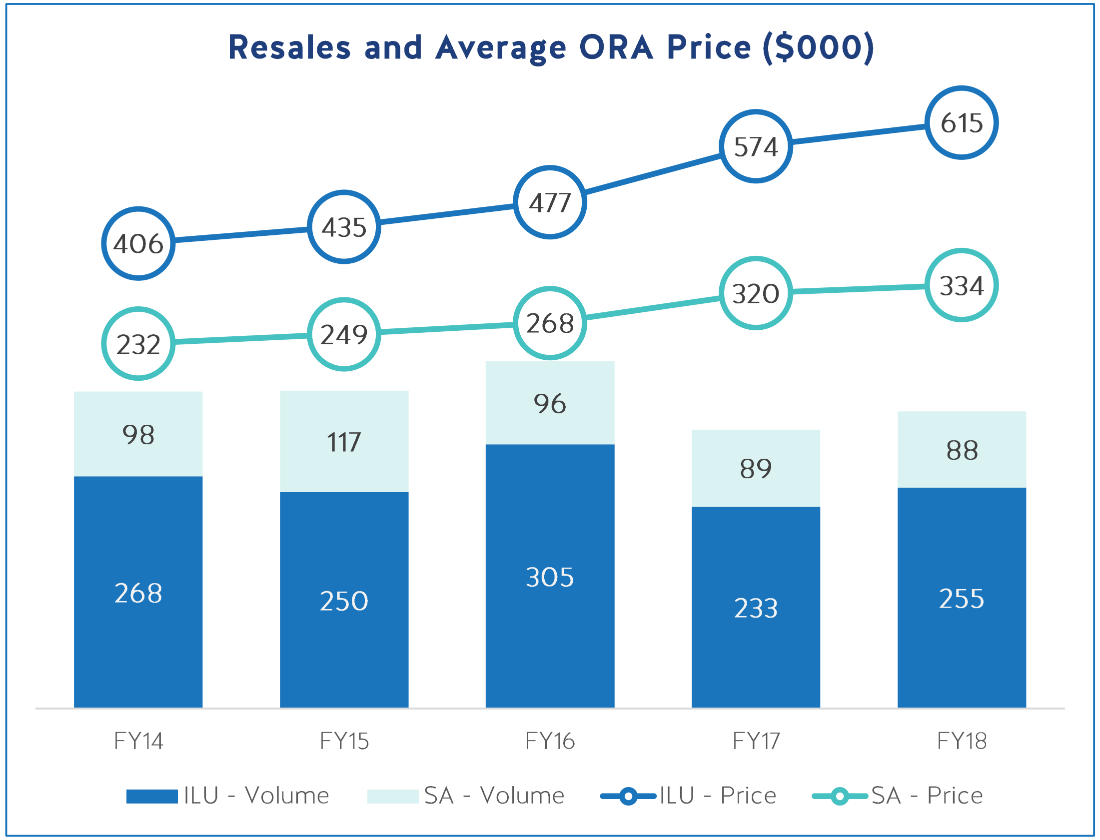
APPENDIX E – EMBEDDED VALUE DETAIL

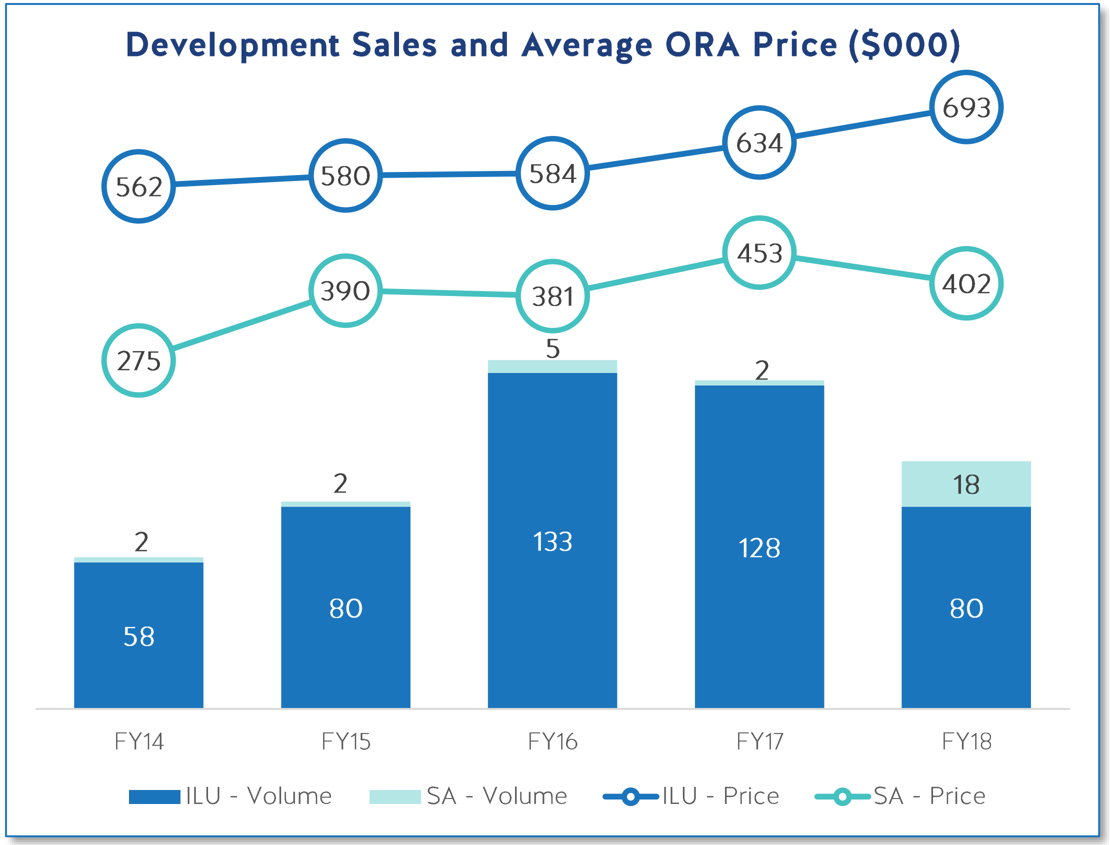
THERE'S MORE TO COME AT Metlifecare



APPENDIX F – ILU/SA SALES BREAKDOWN

THERE'S MORE TO COME AT Metlifecare





*Figures exclude Wairarapa Village which was sold in FY16

APPENDIX G – 5 YEAR METRICS SUMMARY

THERE'S MORE TO COME AT Metlifecare

Year ended 30 Jun (NZDm)	5 Year CAGR	FY18	FY17	FY16	FY15	FY14
Resales Volume (incl. Palmerston North JV)*		360	349	413	385	384
Resales Volume (excl. Palmerston North JV)*		343	322	401	367	366
Development Sales Volume		98	130	138	82	60
Total Sales Volume		441	452	539	449	426
New Homes Completed	30%	185	187	73	133	64
New Care Beds Completed	n/a	69	48	35	-	-
Total Development	41%	254	235	108	133	64
Total Revenue ($m)	5%	115.1	107.7	106.0	99.3	94.6
Net Profit After Tax ($m)	16%	125.1	251.5	228.7	122.7	68.8
Operating Cash Flow ($m)	17%	110.7	129.3	130.0	83.3	59.5
Underlying Operating Cash Flow ($m)	21%	54.3	51.3	50.5	34.5	25.7
Underlying Profit ($m)	18%	87.5	82.1	66.1	52.4	46.0
Total Assets ($m)	13%	3,291.0	2,960.6	2,586.4	2,227.4	2,004.1
Total Equity ($m)	17%	1,476.3	1,370.2	1,133.0	911.4	791.8
Net Assets per share ($)	17%	6.93	6.43	5.32	4.30	3.75
Dividends (cps)	28%	10.00	8.05	5.75	4.50	3.75
Gearing (Net Debt: Net Debt + Equity)		9%	5%	7%	6%	5%

*Figures exclude Wairarapa Village which was sold in FY16

APPENDIX H – DEFINITIONS

THERE'S MORE TO COME AT Metlifecare

Development Sale(s)	The first time sale of an ORA (new stock)
Resale(s)	The sale of an ORA where a sale has previously been completed
Realised Resale Gain	The difference between the resale and repurchase of occupation right agreements
ORA	Occupation Right Agreement including ILU's, ILA's and Care Apartments
ILU	Independent Living Unit
ILA	Independent Living Apartment
SA	Care Apartment or Serviced Apartment
pcp	Prior Comparable Period
Unit	Independent Living homes, Independent Living Apartments and Care/Serviced Apartments
DMF	Deferred Management Fees
CPS	Cents Per Share
LTM	Long Term Maintenance
IP	Investment Properties
PPE	Property, Plant and Equipment

APPENDIX I – 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 judgment, 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.

APPENDIX J – 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 ended 30 June 2018. Please refer to the Financial Statements for the year ended 30 June 2018 that have been released with this presentation.
- 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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- This presentation is not a product disclosure statement, prospectus, investment statement or disclosure document, or an offer of shares for subscription, or sale, in any jurisdiction.


Greenwood Park, Tauranga
THANK YOU
Metlifecare