

24 February 2009

NZX Regulation Decision
Metlifecare Limited
Application for Waiver from Listing Rules 7.10.5

Background

1. Metlifecare Limited ("MET") is an Issuer with ordinary shares listed on the NZSX market.
2. MET is proposing to undertake a pro rata 2 for 5 renounceable rights issue ("Rights Issue") of ordinary shares at \$1.08 per share, in accordance with NZSX Listing Rule ("Rule") 7.3.4(a).
3. A maximum number of 35,000,000 new ordinary shares are to be issued under the Rights Issue. The net proceeds of the Rights Issue are estimated to be up to \$37,250,000. The Rights Issue is not underwritten.
4. MET wishes to offer its shareholders the option to apply for oversubscriptions under the Rights Issue to the extent of any shortfall of the Rights Issue (the "Oversubscription Facility"). It is intended that, subject to the Takeovers Code ("the Code") and the Rules, any initial shortfall in the Rights Issue will be divided up between those who apply for additional rights in direct proportion to the number of shares held as at the Record Date for entitlements.

Application

8. MET has approached NZX Regulation ("NZXR") seeking a waiver from Rule 7.10.5 to the extent necessary to enable shareholders to make applications in excess of their pro rata entitlement in accordance with the Oversubscription Facility. In support of its application, MET submits that:
 - (a) MET will ensure that any issue of the unsubscribed rights under the Oversubscription Facility will be dealt with by the Board of MET in a fair and equitable manner and any shortfall in the Rights Issue will be divided between those who apply for additional rights under the Oversubscription Facility in proportion to the number of shares held by the applicant as at the Record Date for entitlements;
 - (b) it is not possible that any shareholder of MET will materially increase its control by taking up any unsubscribed rights under the Oversubscription Facility. Retirement Villages New Zealand Limited ("RVNZ") is the largest shareholder in MET, holding an 81.98% stake. Under the the Code, RVNZ can only increase its shareholding in MET by 5% pursuant to the creep provisions in Rule 7(e) of the Takeovers Code. As RVNZ already holds in excess of the 75% threshold required to pass a special resolution and would be unable to exceed 86.98% (in the event that no other shareholder took up their entitlement), RVNZ cannot materially increase its control of MET; and
 - (c) of the remaining shares of MET, Fisher Funds holds approximately 8.7%, New Zealand Superannuation Fund holds approximately 4.3% and MFL Mutual Fund holds approximately 2.8%. The remaining 2.2% of the shares are widely held. Having regard to the size of the RVNZ holdings, none of these parties can materially increase their control of MET.

Rule 7.10.5

9. Rule 7.10.5 provides:

Entitlement: A Renounceable Right shall not entitle the holder of the Right to apply for more than the entitlement of Securities except to enable acquisition of the number of Securities needed to give that holder a Minimum Holding.

Decision

10. On the basis that the information provided to NZXR is full and accurate in all material respects, NZXR grants MET a waiver from Rule 7.10.5 to enable shareholders to make applications in excess of their entitlements in accordance with the oversubscription Facility on the following conditions:

- (a) Any issue of unsubscribed rights is dealt with by MET's Directors in a fair and equitable manner and any shortfall in the issue is divided up between those who apply for additional shares in direct proportion to the number of shares held by the applicants as at the Record Date for entitlements; and
- (b) The offer document for the Rights Issue record that a waiver from Rule 7.10.5 has been granted by NZXR and details the conditions of this waiver.

Reasons

11. In coming to the decision to grant MET the waiver in respect of Rule 7.10.5, NZXR has considered that:

(a) There is precedent for granting waivers from Rule 7.10.5 in, amongst others, the waivers granted to Life Pharmacy Limited on 20 August 2008, Pike River Coal Limited 14 January 2007, Jasons Travel Media Limited on 25 October 2007.

(b) It is a condition of the waiver that shares are divided up in direct proportion to the number of shares held by the applicants as at the record date for their entitlements. In addition, Rule 7.5 limits a shareholder's ability to increase effective control of Issuers without shareholder approval. These requirements, and the requirements of the Code, make it unlikely that any control changes occur as a result of the Rights Issue.

(c) Given that MET has advised that RVNZ will take up its entitlements under the Rights Issue it is unlikely that there will be any substantial shortfall of shares.

(d) NZX has had the opportunity to review the offer document for the Rights Issue, and is satisfied that the offer document appropriately details the effects and conditions of this waiver.

Publication

12. No application has been made with regards to the confidentiality of this decision and the decision will be published in accordance with Rule 1.7.2.

ENDS.