



METLIFECARE ANNUAL MEETING ADDRESS

24 October 2013

1.	<p>WELCOME</p> <p>Good morning ladies and gentlemen and welcome to the Metlifecare annual meeting of shareholders.</p> <p>My name is Peter Brown and I am the chair of the Metlifecare Board.</p> <p>Along with the Board and the team at Metlifecare, I have much pleasure in welcoming you here today to The Poynton.</p> <p>We started building The Poynton in December 2007 and it now provides a home to more than 150 residents. As part of the village, residents have access to a range of facilities, including a heated indoor swimming pool, restaurant, café, wellness centre and even a Blokes Shed. As you would have seen on your way in, Stage 3, the second to last stage, is under construction. This will provide a further 55 luxury apartments, of which 30% have already been contracted.</p> <p>As a quorum is present, I declare the meeting open. The Notice of Meeting, which includes the explanatory notes, has been circulated to all shareholders, and I intend to take it as read.</p> <p>The financial statements for the year ended 30 June 2013, together with the Auditors' Report, are set out in the Company's Annual Report which was made available to shareholders on 20th September 2013.</p> <p>The minutes of the last shareholders' meeting, held on 30 October 2012, have been approved by the directors and are available for inspection.</p>
2.	<p>DIRECTORS</p> <p>Before we start the formal business of the meeting, I would like to introduce you to my fellow Directors.</p> <p>Seated to my far left is John Loughlin, then Alistair Ryan and Chris Aiken. Next is Geoff Grady, then Dr Noeline Whitehead.</p> <p>Finally, to my immediate left is Alan Edwards, Metlifecare's Managing Director.</p> <p>John Loughlin and I are retiring today and I am up for re-election today. After many years' service on the Board, Mr Loughlin has decided not to apply for re-election so we will not be voting on this issue today. I would like to thank John on behalf of the Board for his many years of fine service since 2006 and wish him all the very best for the future. He will retire at the end of the meeting today. Dr Noeline Whitehead, who was appointed to the Board in June this year, is standing for election by shareholders and has the full support of the Board.</p>
3.	<p>PROXIES (SLIDE 13)</p> <p>I wish to advise that proxies have been received in respect of a total of approximately 153 million shares. A summary of the proxy votes is shown on the screen.</p>



4.	<p>AGENDA</p> <p>We will start today's meeting with addresses from me and then Alan Edwards.</p> <p>Following these, we are happy to take questions relating to these presentations.</p> <p>We will then move to the resolutions. Before voting on each resolution, you will have the opportunity to ask questions with respect to that resolution.</p> <p>Following the close of the meeting, I invite you all to stay and share some light refreshments with the management team and your Board. There will be an opportunity to view the construction site from the croquet court. Members of our Executive Team will be available to answer any questions you may have.</p> <p>A copy of today's presentations will be available on our website. We will release the results of voting on today's resolutions to the NZX and the ASX and on our website as soon as they have been confirmed.</p>
5.	<p>CHAIRMAN'S ADDRESS: A YEAR OF TRANSFORMATION</p> <p>The 2013 financial year was one of transformation for Metlifecare and your company is now bigger, stronger and more robust. We have also increased the diversity of our shareholder base and added new independent directors to our Board.</p>
6.	<p>BIGGER: PORTFOLIO GROWTH OF 46% (SLIDE 2)</p> <p>The merger with Private Life Care Holdings and Vision Senior Living was finalised early in the 2013 financial year, increasing the size of our portfolio and resulting in a gain on acquisition of \$63.6 million.</p> <p>We are now the second largest retirement village provider in New Zealand.</p>
7.	<p>STRONGER: DEVELOPMENT STRATEGY FIRMLY IN PLACE (SLIDE 3)</p> <p>Our strategy is focused on development and the long term ownership and operation of existing assets.</p> <p>We are growing a quality land bank in targeted locations and have the resources and capital structure to invest into the development of new villages and rejuvenate and expand at existing villages.</p> <p>We have identified the following key areas which we will focus on as we develop our company – the acquisition and development of greenfield sites, expansion of existing villages, proactive portfolio management and the expansion of our care offer to new and existing sites.</p>



8.	<p>MORE ROBUST: CAPITAL STRUCTURE</p> <p>Metlifecare has a strong capital platform in place to fund this development and the future growth of our company. Following the \$70 million capital raising in June, and the subsequent \$10 million share purchase plan in July 2013, non-development debt has been substantially eliminated. Substantive debt is now linked to land and or development projects.</p> <p>Future growth will be funded by our banking facilities and operational cash flows.</p>
9.	<p>STRONGER: TRANSFORMATION LEADS TO STRONG RESULTS (SLIDE 4)</p> <p>This transformation of our company helped deliver an excellent result for the 2013 financial year and we met or exceeded targets for key metrics stated in our June 2012 prospectus.</p> <p>We achieved 537 sales and resales, generating \$199.1 million in gross cash flows. This compares to 330 sales and resales in the previous year in the pre-merger portfolio.</p> <p>Net Profit After Tax was \$120.3 million, which included the one-off gain on acquisition of \$63.6 million and an increase in the fair value of our investment properties of \$59.1 million.</p> <p>We also reported net operating cash flows of \$60.9 million. Excluding interest and merger costs of \$13.3 million, operating cash flows were \$74.2 million, exceeding the June 2012 prospectus guidance by 22%.</p>
10.	<p>SHAREHOLDER DIVERSITY (SLIDE 5 – REF 10, 11, 12 & 13)</p> <p>Our shareholder base has also transformed, following the sell down by Retirement Villages New Zealand, which currently holds approximately 38 percent of shares in the company, compared to 43 percent at this time last year.</p> <p>The company now has in excess of 2,200 shareholders on its register.</p>
11.	<p>ASX LISTING</p> <p>We have recently announced a secondary listing on the Australian Stock Exchange and Metlifecare shares commenced trading on the ASX on 21 October 2013.</p> <p>This secondary listing with the ASX provides Metlifecare with additional access to investors and the Australian equity markets.</p> <p>While we already have a number of Australian institutional investors on our share register, there has been increased interest from other investors, some of which are restricted in their ability to invest into non-ASX listed companies. This will provide them with an opportunity to participate in Metlifecare's growth and value proposition.</p> <p>We have no plans to expand operationally into Australia and are firmly focused on the significant opportunities in the New Zealand market and achieving our growth targets.</p>



12.	<p>GOVERNANCE</p> <p>The Metlifecare Board currently comprises seven directors, of which four are independent.</p> <p>Since the last shareholders' meeting, the Board has appointed Dr Noeline Whitehead as an independent director. Noeline has extensive knowledge of the care industry, with over 30 years' experience in the residential hospital and aged care sector.</p>
13.	<p>DIVIDEND</p> <p>We were pleased to confirm a total dividend of 3 cents per share for the 2013 financial year and to also introduce a Dividend Reinvestment Plan, which allows our shareholders to continue to invest into Metlifecare.</p> <p>Shareholders holding 10.3 percent of shares in the company participated in the DRP for the 2013 final dividend and we thank you for your support.</p> <p>It is the Board's intention to continue dividend payments.</p> <p>Overall, Total Shareholder Returns, which measures the annual change in share price as well as dividends paid were 53.8% for FY13, making Metlifecare one of the top ten performers on the NZX 50.</p>
14.	<p>OUTLOOK – OUR COMPANY</p> <p>Our focus is on continuing to develop Metlifecare as one of New Zealand's leading retirement village providers and providing shareholder value.</p> <p>We are in a sound financial position and have the skills and resources to help us achieve our vision – to be the best in the industry at meeting the lifestyle and care needs of our residents.</p> <p>Portfolio growth will be an important part of this financial year. We have recently received resource consent for new villages in Glenfield and Unsworth Heights on Auckland's North Shore. Planning is well underway and building at these villages is expected to begin in the next 12 months.</p> <p>We also have several other construction projects underway, including Stage 3 here at The Poynton, as we work towards achieving our target build rate of 200+ units by FY15.</p> <p>To ensure our future growth, we continue to identify and assess opportunities to grow our land bank. In particular, we are looking to acquire suitable land sites, which meet our criteria, within our targeted geographical markets, particularly in the upper North Island.</p>



15.	<p>MANAGEMENT AND STAFF</p> <p>On behalf of the Board, I would like to thank our senior management team and all the staff at Metlifecare for their efforts during the year. Our residents report very high satisfaction levels, with nearly 100% of residents satisfied with the politeness and friendliness of our staff. Thank you to you all.</p> <p>I would now like to hand over to Metlifecare's Managing Director, Alan Edwards.</p>
16.	<p>MANAGING DIRECTOR'S ADDRESS</p> <p>Thank you Peter.</p>
17.	<p>OUR COMPANY (SLIDE 6)</p> <p>Management's main focus in the 2013 financial year was on successfully integrating the three organisations in a timely, well planned manner, following the merger in July 2012.</p> <p>In the year to 30 June 2013 we have also delivered on the key metrics that we set out to achieve following the merger.</p> <p>Our core purpose, vision and values are at the heart of all we do at Metlifecare and I would like to talk you through these.</p>
18.	<p>CORE PURPOSE (SLIDE 7 – REF 18 & 19)</p> <p>Our core purpose is to continuously develop and grow Metlifecare whilst meeting or exceeding the expectations of our residents, staff and shareholders.</p> <p>At Metlifecare, we want to see everyone rewarded for being part of our family. That means we want our residents to enjoy the best years of their lives in a wonderful village environment, we want our staff to view Metlifecare as their employer of choice and we want our shareholders to be rewarded for their investment.</p>
19.	<p>VISION</p> <p>Our vision is to be the leader in providing innovative and sustainable solutions for the lifestyle and care needs of older people. We want to be the best at meeting the needs of our residents.</p> <p>We are continually looking for new and better ways to provide our services, to ensure we offer the right solutions for the lifestyle and care needs of our residents.</p> <p>These services and our offer must be sustainable – long term, enduring and beneficial for our stakeholders, our communities and our environment.</p>



20.	<p style="text-align: right;">(SLIDES 8 & 9)</p> <p>VALUES</p> <p>Our values are – Respect for all, Passion for what we do, Teamwork and Integrity. This is what we value and this is what drives our ambition to meet our Core Purpose and our Vision.</p> <p>These values reflect the culture and people behind our success. It is these values that see a team of people assemble because a transformer malfunctioned, who immediately check on the wellbeing of all the residents and phone family members. This is Metlifecare living its brand and values.</p>
21.	<p style="text-align: right;">(SLIDE 10 – REF 21, 22, 23, 24 & 25)</p> <p>CONTINUING OUR GROWTH</p> <p>Metlifecare is New Zealand's second largest retirement village operator and we currently have 4,195 units and care beds. We also have a land bank of 1,000 additional units and care beds, including 60 units currently under construction.</p> <p>We have identified the golden triangle between Auckland, the Bay of Plenty and Hamilton as the most desirable geographical area for us to focus on. These markets have large and ageing populations, with people looking for quality retirement lifestyle options.</p>
22.	<p>AUCKLAND DEVELOPMENTS</p> <p>Auckland, in particular, is a very important market for us. Demand for quality retirement and aged care options is particularly strong in this area and occupancy rates at our Auckland villages remain high.</p> <p>We currently have 12 villages in the wider Auckland region. The Poynton is the only one currently under construction, with Stage 3 well underway.</p> <p>Since year end, we have received resource consent to build our Glenfield village which will be called The Orchards to link it back to its past. This \$40 million village will offer 96 apartments and a 36-bed care facility and upon completion, it will provide employment for at least 40 people.</p> <p>During FY13, we acquired a prime 4.4 hectare site in Unsworth Heights on the North Shore. We received resource consent for this development yesterday and plan to build a \$140 million village offering 310 units and 61 care beds. This will make it Metlifecare's largest village to date, eclipsing Pinesong in Titirangi.</p>
23.	<p>OTHER DEVELOPMENTS</p> <p>Another development highlight during FY13 included the completion of the final stage of construction at Forest Lake Gardens in Hamilton, a unique \$38 million village overlooking Te Rapa racecourse.</p> <p>We are now seeking resource consent for further development at The Avenues in Tauranga and Coastal Villas in Paraparaumu, both of which we hope to commence building during this financial year.</p>



	<p>We also have land available at Crestwood village in Titirangi and are currently in the planning stages, as we determine the best use of this site in relation to the existing village.</p>
24.	<p>PROVISION OF CARE</p> <p>Continuum of care remains an important area for us. This means providing our residents with access to increasing levels of care and assistance within the village, when needed.</p> <p>Our in-home support is an important part of our village offering, giving residents the ability to choose from a range of different support services to make their lives easier while allowing them to stay in their home.</p> <p>The demand for quality residential aged care, including resthome and hospital care, continues to grow. In particular, there is a greater need for specialist residential care for older people, those over 85 years of age who are increasingly frail and require a higher level of medical input and care.</p> <p>This is a specialist area with a higher need for skilled staff. We have well qualified staff and proven procedures, systems and processes in place to ensure our residents receive the best care possible.</p> <p>We currently have 359 care beds, with plans for a further 173 beds in current developments.</p> <p>By offering continuum of care, our residents can transition from independent living into a more specialised care facility, if needed, while remaining in the village they call home.</p>
25.	<p>MARKET CONDITIONS</p> <p>Potential residents generally need to sell their family home before moving into a village. Therefore, the New Zealand residential property market is an important influencer on the performance of retirement village operators.</p> <p>Currently, the property market, particularly in Auckland but also in Hamilton and Tauranga, remains buoyant. This means that residents are generally able to sell their houses quicker once they decide to move to our villages.</p> <p>The recent LVR measures by the Reserve Bank are likely to have an impact on the residential market. First home buyers will find it harder to enter the housing market. Home ownership levels could fall.</p>
26.	<p>STRATEGIC FOCUS 2014 (SLIDE 11 – REF 26 & 27)</p> <p>Our strategic focus for the year is on achieving the following goals:</p> <ul style="list-style-type: none">• Maintain a leadership position in the industry• Achieve a sustainable build rate of 200 units per year by FY15 through both greenfield and brownfield development• Increase the company's exposure to hospital care services• Optimise cash flows through strategic portfolio management; and• Further enhance the performance of the existing villages.



27.	<p>ACTION PLAN 2014</p> <p>We have identified nine action points that will help us achieve these goals.</p> <p>Firstly, to increase our build rate to achieve 200+ units by FY15. As you can see from the activity we have discussed today, we are well on track to achieve this goal.</p> <p>Secondly, to expand our care offering including our in-home care offer and service and adding or expanding aged care facilities in our existing villages. This will also be an important part of any new development.</p> <p>The next four action points relate to our development – to progress with planning and development of the two new Auckland villages in Glenfield and Unsworth Heights; to assess and acquire greenfield sites where appropriate; to develop brownfield sites and to efficiently progress the sell down of Stage 3 here at The Poynton.</p> <p>We will maintain and enhance best practice in all areas of our business and further integrate our new brand and values across our organisation.</p> <p>Our final action point is to maintain an A-team of people in strategic roles across all management levels.</p> <p>We have a fantastic, experienced executive team at Metlifecare and I would like to thank them all for their hard work and efforts during the year. I would also like to thank the Board for their support as we carried out the transformation of our company.</p>
28.	<p>ACHIEVING OUR VISION (SLIDE 12)</p> <p>Metlifecare has a portfolio of villages and planned developments in markets that are experiencing strong demand for our offering. We have a robust capital structure and the financial strength to take advantage of the opportunities.</p> <p>The market potential is significant and driven by demography, an ageing population and an increasing popularity of the retirement village product.</p> <p>Most importantly, we have the people to drive our business, achieve our goals and realise our vision. Our success would not be possible without the wonderful people who provide our residents with the lifestyle and care they expect.</p> <p>From care workers and nurses through to the cleaners, cooks and maintenance staff; village managers and support staff; and everyone else who works for Metlifecare, thank you all for your efforts in helping us realise our goals.</p> <p>Thank you for listening. I would now like to pass you back to Peter for the formal business of the meeting.</p>



29.	<p>BUSINESS OF THE MEETING</p> <p>I would now like to invite questions in relation to the presentations. I ask that any questions be limited to these presentations. There will be an opportunity to ask questions about each of the resolutions as they are put to shareholders to vote.</p> <p>(QUESTIONS)</p>
30.	<p>RESOLUTIONS</p> <p>I would now like to move to the resolutions before the meeting. These have been outlined in the Notice of Meeting. There will be an opportunity for shareholder discussion on each resolution as it is proposed.</p>