



15 November 2005

Dear Shareholder

Takeover offer by Retirement Villages New Zealand Limited

On 25 October 2005 the Company received a notice of intention to make a takeover offer from Retirement Villages New Zealand Limited ("RVNZ"). On 7 November 2005 RVNZ sent to all Metlifecare shareholders and option holders a takeover offer for all the ordinary shares and all the outstanding options to acquire ordinary shares in Metlifecare. RVNZ is offering \$3.90 per Metlifecare ordinary share and \$2.64 per Metlifecare option ("RVNZ Offer"). The full terms of the RVNZ Offer are set out in the RVNZ Offer document dated 4 November 2005 and all shareholders should read that document carefully.

As announced on 28 October 2005, the board formed a committee of independent directors, comprising Michael Stiassny and myself ("Committee"), to consider and respond to the RVNZ Offer. The Committee has been responsible for overseeing the preparation of the attached target company statement. Grant Samuel & Associates Limited ("Grant Samuel") was appointed by the Committee to advise on the merits of the RVNZ Offer in accordance with the requirements of the Takeovers Code. Grant Samuel's full report on the merits of the RVNZ Offer is attached to the target company statement.

Background to the RVNZ Offer

The receipt of the RVNZ Offer is the conclusion of a sale process announced in December 2004 by Private Health Care (NZ) Limited ("PHC") in respect of its holding of 21,713,345 Metlifecare ordinary shares (24.9% of Metlifecare's issued shares). PHC is a company associated with Mr C. J. Cook, a director and founding shareholder of Metlifecare. As announced in February 2005, the Metlifecare board allowed qualified potential buyers of PHC's shareholding to undertake due diligence.

On 19 October 2005 Todd Lifecare Limited (in respect of its shareholding of 30,215,026 Metlifecare shares (34.6% of Metlifecare's issued shares)) and PHC entered into a Pre-bid Agreement with RVNZ pursuant to which they agreed to accept an offer from RVNZ for their respective shareholdings in Metlifecare.

Both PHC and Todd Lifecare Limited have now accepted the RVNZ Offer and the offer was declared unconditional by RVNZ on 8 November 2005. As at 15 November 2005 RVNZ is the holder of 57,074,956 ordinary shares in Metlifecare which equates to 65.34% of the shares on issue.

Grant Samuel Report

Grant Samuel has assessed the full underlying value of each Metlifecare ordinary share to be in the range of \$3.63 to \$4.15. This value is based on 100% of Metlifecare and includes a premium for control. As the RVNZ Offer price of \$3.90 falls within Grant Samuel's valuation range, Grant Samuel has assessed that the RVNZ Offer is fair. All shareholders are advised to read the Grant Samuel report carefully, including section 6.2 which summarises the factors that Grant Samuel took into consideration when assessing that the RVNZ Offer is fair.

Recommendation

The Directors not associated with RVNZ (being Messrs Fitzsimmons, LeGrice and Stiassny) recommend shareholders accept the RVNZ Offer.

The factors taken into consideration in making the recommendation include:

Grant Samuel, as independent adviser, has assessed that the RVNZ Offer is fair.

The RVNZ Offer price of \$3.90 falls well within Grant Samuel's valuation range.

PHC and Todd Lifecare Limited, who can be regarded as well informed and sophisticated investors, clearly consider the RVNZ Offer sufficiently attractive to have committed themselves to it through the Pre-bid Agreement. As a result of PHC and Todd Lifecare Limited accepting the RVNZ Offer, RVNZ now controls 65.34% of Metlifecare's issued shares and therefore there is very little possibility of a competing offer being made for Metlifecare.

It is unclear at this time whether RVNZ will obtain sufficient acceptances to enable it to proceed to compulsory

acquisition. While Metlifecare remains listed on NZSX, shareholders will continue to have the benefit and protection of NZSX's Listing Rules. However, the direction and control of Metlifecare will be under a newly constituted Board. RVNZ and its nominated directors may wish to implement different debt, dividend, acquisition and divestment policies thereby altering the risk profile of the Company.

Each of Messrs Fitzsimmons, LeGrice and Stiassny and their respective associates intend to accept the RVNZ Offer in full.

Concluding Comments

Please read the target company statement carefully as it contains important information on the RVNZ Offer. You should make a decision whether to accept the RVNZ Offer or not, having regard to the information contained in the target company statement and in light of the recommendation expressed above. Where appropriate, you should consult your own financial or legal adviser.

Acceptance or rejection of the RVNZ Offer is a matter for individual shareholders based on their own views as to value and future market conditions, risk profile, liquidity preference, portfolio strategy, tax position and other factors. Shareholders will need to consider these consequences and, if appropriate, consult their own professional adviser.

If you wish to accept the RVNZ Offer, you should follow the instructions outlined in the offer document. The RVNZ Offer remains open for acceptance until 5 pm on 3 December 2005 (unless extended by RVNZ). If you decide not to accept the RVNZ Offer, you should take no action and disregard the offer document sent to you. However, you need to be aware that if the RVNZ Offer results in RVNZ owning 90% or more of Metlifecare's ordinary shares, then RVNZ can compulsorily acquire your shares at the RVNZ Offer price pursuant to the Takeovers Code.

If you require any further information, please contact:

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Yours faithfully



Peter W Fitzsimmons OBE

Chairman

Independent Committee