

SHAREHOLDER
DISCLOSURE
DOCUMENT
2017



Metlifecare Limited

(the Company)

Disclosure Document Relating to the Giving of Financial Assistance to Purchase Shares in the Company (Companies Act 1993 Section 78(5))

To: All Shareholders of the Company

Introduction

This document is provided to all shareholders in accordance with the requirements set out in section 79 of the Companies Act 1993.

It sets out details of the proposal by the Company to make certain loans as part of the Company's restricted share plan (the **Plan**) in connection with issues of shares to selected senior executive employees, under the Plan in October 2017 and to make bonus payments to participants in the Plan from previous years when these shares vest. The loans and bonus payments may constitute the giving of financial assistance by the Company in terms of the Companies Act 1993.

No action is required by you as this communication is for disclosure purposes only.

Summary of Restricted Share Plan

Under the Plan, participants are entitled to receive a number of shares in the Company. The shares will be held in trust for a specified employment period following which the participant will have unrestricted ownership of the shares that are released to them at that time. Release of the shares depends on achievement of a minimum rate of growth of the Company's Total Shareholder Return (**TSR**), and the Company's comparative TSR performance to the members of the NZX50. TSR growth is measured over a three year period (subject to extension) from a date determined by the Company (**Grant Date**). The members of the NZX50 on the Grant Date are used for the comparison (**TSR Group**). If the Company's TSR growth achieves or exceeds 8% per annum on a cumulative basis (after tax) and is between the 50th and 75th percentile of the TSR Group, a proportionate number of shares will be released (50% at the 50th percentile and 100% at (and above) the 75th percentile). If the TSR of 8% per annum is not achieved (or exceeded) or the TSR is below the 50th percentile of the comparator group, no shares will be released.

The Company will provide an interest-free loan to participants to allow them to purchase the shares. To the extent that legal title of the shares is transferred to a participant in accordance with the terms of the Plan, the participants will be paid a bonus which, after tax, equals the amount of the participant's loan balance in respect of the relevant shares. The loan will be repaid with the proceeds of bonus payments made by the Company to participating employees.

To the extent that legal title in shares is not to be transferred to a participant, there are put and call options in respect of the participant's beneficial interest in the relevant shares, with the purchase price being equal to the participant's loan balance in respect of the relevant shares.

Financial Assistance

In August 2017 the directors resolved to issue the October 2017 allocation of shares to participants under the Plan. In connection with the share issues, the directors have authorised the Company to provide financial assistance to the employees participating in the Plan on or about ten working days after the distribution of this disclosure document. Such financial assistance is to take the form of:

- (a) interest free loans to the participants to enable them to acquire shares under the Plan; and
- (b) in the future, and if and to the extent any exercise hurdles are achieved, payments to the participants to fund repayment of the loans to the extent shares are released to the participant under the terms of the Plan and payment of related taxes.

The participating employees for the October 2017 issue are: the Chief Executive Officer (Glen Sowry), the new Chief Financial Officer (Richard Thomson), the General Manager Sales (Jan Martin), the General Manager Operations (Richard Callander), the General Counsel & Company Secretary (Andrew Peskett), the General Manager Human Resources (Huma Houghton) and the Clinical Nurse Director (Tanya Bish).

The exact value of the financial assistance to be provided for the issuance to participants is uncertain as it will depend on, amongst other things: the market price of shares preceding the date of issue; the extent to which the participants meet their performance hurdles in the future and the participant remaining an employee of the Company. However, the maximum value of the loans to be provided in connection with the shares to be issued to the participants is NZ\$734,184.

As noted above, to the extent that legal title of the shares is transferred to a participant in accordance with the terms of the Plan, the participant will be paid a bonus which, after tax, equals the amount of the participant's loan balance in respect of the relevant shares. The loan relating to those vested shares will be repaid with the proceeds of bonus payments made by the Company.

The Company anticipates that over the year following distribution of this disclosure document, it may be required to pay such bonuses (which may constitute financial assistance) to participants under the Plan in relation to shares that were issued to them in previous years. The identity of the participants from the previous years is set out in the disclosure documents which were sent to shareholders at the time the shares were issued to them under the Plan. The exact value of the financial assistance to be provided under the future bonus payments is uncertain, as it will depend on the extent to which the shares vest and whether the participants remain employees of the Company. The total amount of the loans provided in relation to the shares previously issued under the Plan (and therefore the maximum after tax amount of the bonuses) is also set out in the disclosure documents that have been previously sent to shareholders.

The Board will suspend the giving of any financial assistance if:

- (a) it is no longer satisfied that the Company will satisfy the solvency test set out in the Companies Act 1993 after the giving of any financial assistance; or
- (b) the Board ceases to be satisfied that:
 - (i) the giving of the financial assistance is of benefit to the shareholders not receiving the assistance and in the best interests of the Company; or
 - (ii) the terms and conditions under which the assistance is given are fair and reasonable to those shareholders not receiving the assistance and the Company.

Board Resolution

The text of the Board resolutions authorising the Company to provide financial assistance pursuant to section 78 of the Companies Act 1993 includes:

1. *THAT giving the Financial Assistance is in the best interests of the Company and is of benefit to those shareholders not receiving the Financial Assistance.*
2. *THAT the terms and conditions under which the Financial Assistance is to be given are fair and reasonable to the Company and to those shareholders not receiving the Financial Assistance.*

Reasons for Directors' Conclusions in Relation to Financial Assistance Resolutions

The reasons for the directors' conclusions in the resolutions concerning the giving of financial assistance in respect of the Plan are:

- (a) giving the assistance is in the best interests of the Company, and is of benefit to those shareholders not receiving the financial assistance, because it increases the alignment of the participating senior executive employees and shareholders such that the Company continues to perform for the benefit of all its shareholders;
- (b) the terms and conditions are fair and reasonable to the Company and to those shareholders not receiving the assistance because the costs of providing the financial assistance are relatively small in the context of the Company's market capitalisation; and
- (c) schemes of this kind are considered to be normal practice in New Zealand with many organisations providing incentive schemes to their key employees. Such schemes are recognised as appropriate practices in ensuring key talent retention in the New Zealand market and forms part of the Company's overall assessment of total remuneration.