

METLIFECARE LIMITED

TARGET COMPANY STATEMENT

15 November 2005

Prepared pursuant to Rule 46 of the Takeovers Code and in relation to a takeover offer by Retirement Villages New Zealand Limited.

1. DATE

This target company statement ("**Statement**") is dated 15 November 2005.

2. OFFER

2.1 This Statement relates to a full takeover offer by Retirement Villages New Zealand Limited ("**RVNZ**") for:

- (a) all of the fully paid ordinary shares in Metlifecare Limited ("**Metlifecare**") for a purchase price of \$3.90 per share; and
- (b) all of the options to acquire ordinary shares in Metlifecare for a purchase price of \$2.64 per option,

in each case payable in cash (the "**Offer**").

2.2 The terms of the Offer are set out in the offer document dated 4 November 2005 ("**Offer Document**") which was sent to Metlifecare shareholders by RVNZ on 7 November 2005.

3. TARGET COMPANY

The name of the target company is Metlifecare Limited.

4. DIRECTORS OF METLIFECARE

The directors of Metlifecare as at the date of this Statement are:

- (a) Peter William Fitzsimmons OBE (Chairman)
- (b) Clifford James Cook
- (c) Dr Hylton LeGrice OBE
- (d) Michael Peter Stiasny

RVNZ has requested representation on the Metlifecare board commensurate with its shareholding. The directors of Metlifecare will consider the appropriate timing for board changes following the issue of this Statement.

5. OWNERSHIP OF EQUITY SECURITIES OF METLIFECARE

5.1 William Ross, General Manager Property Services, was the holder of 100,000 options to acquire ordinary shares in Metlifecare as at the date of the Offer, which represented all of the options on issue to acquire Metlifecare shares. Mr Ross has accepted the Offer and accordingly RVNZ is now the holder of all options on issue to acquire Metlifecare shares.

5.2 Other than the options described in paragraph 5.1, the only class of equity security of Metlifecare on issue is ordinary shares. The number, designation and the percentage of ordinary shares held or controlled by each director or senior officer of Metlifecare and their associates as at the date of this Statement is set out in Schedule One. Other than as set out in Schedule One, no director or senior officer of Metlifecare, and no associate of any director or senior officer of Metlifecare, holds or controls any equity securities of Metlifecare.

- 5.3 The number, designation, and the percentage of equity securities of any class of Metlifecare held or controlled by any other person known by Metlifecare to hold or control more than 5% of the class are set out in Schedule Two.
- 5.4 The number and issue price of equity securities of Metlifecare that have, during the two year period ending on the date of this Statement, been issued to any directors or senior officers of Metlifecare or their associates are set out in Schedule Three.
- 5.5 Other than as set out in Schedule Three, no director or senior officer of Metlifecare or their associates have, during the two year period ending on the date of this Statement, obtained a beneficial interest in any equity securities of Metlifecare under any employee share scheme or other remuneration arrangement.

6. TRADING IN METLIFECARE EQUITY SECURITIES

- 6.1 The number and designation of any equity securities of Metlifecare acquired or disposed of by each director or senior officer of Metlifecare and their associates during the six month period before the latest practicable date before the date of this Statement, being 15 November 2005 ("**Reference Date**") are set out in Schedule Four.
- 6.2 Other than as set out in Schedule Four, no director or senior officer of Metlifecare, and no associate of any director or senior officer of Metlifecare, has acquired or disposed of any equity securities of Metlifecare during the six month period before the Reference Date.

7. ACCEPTANCE OF OFFER

- 7.1 Private Health Care (NZ) Limited ("**PHC**") (an associate of C. Cook) has accepted the Offer in respect of its holding of 21,713,345 shares.
- 7.2 Todd Lifecare Limited ("**Todd Lifecare**") has accepted the Offer in respect of its holding of 30,215,026 shares (Todd Lifecare may have been an associate of C. Cook prior to ceasing to be a shareholder of Metlifecare).
- 7.3 Essex Castle Limited (a company associated with Gregory Hinton who may be an associate of C. Cook) has accepted the Offer in respect of its holding of 173,416 shares.
- 7.4 The following directors and their associates intend to accept the Offer:
- (a) P. Fitzsimmons intends to accept the Offer in respect of his holding of 22,748 shares.
 - (b) H. LeGrice together with Angela Alison Lindsay (186,800 shares), and his associates Angela Alison Lindsay (139,660 shares) and Resolution Investments Limited (1,680,000 shares) intend to accept the Offer in respect of their entire holdings.
 - (c) M. Stiasny and his associates Mary Louise Stiasny and Brendon James Gibson (as trustees of a trust associated with M. Stiasny) intend to accept the Offer in respect of their holding of 250,000 shares.
- 7.5 The following senior officers and their associates have accepted the Offer:

- (a) R. Davis, General Manager Sales and Marketing has accepted the Offer for his 100,000 shares and his associates Leonard James Davis and Daphne Harriet Davis have accepted the Offer in respect of their holding of 2,000 shares.
- (b) W. Ross, General Manager Property Services, has accepted the Offer in respect of his 100,000 options.

7.6 K. De Suza, Company Secretary, intends to accept the Offer in respect of his holding of 15,500 shares.

7.7 Other than as disclosed above, no director or senior officer or their associates has agreed conditionally or unconditionally to accept the Offer as of the date of this Statement.

8. OWNERSHIP OF EQUITY SECURITIES OF RVNZ

8.1 C. Cook, a director of Metlifecare, may be an associate of RVNZ, FKP Limited (“**FKP**”) and Macquarie Bank Limited (“**MBL**”) by virtue of the Consultancy Agreement described in paragraph 11.3 below. Metlifecare has requested RVNZ, FKP and MBL to provide any disclosures required for the purposes of paragraph 8 of Schedule 2 of the Code. RVNZ, FKP and MBL have not provided any information for the purposes of any such disclosure.

8.2 Other than any holdings of persons who may be associates of C. Cook (as referred to in paragraph 8.1), neither Metlifecare, nor any director or senior officer of Metlifecare or any of their associates, holds or controls any equity securities of RVNZ.

9. TRADING IN EQUITY SECURITIES OF RVNZ

9.1 Metlifecare has requested RVNZ, FKP and MBL to provide any disclosures required for the purposes of paragraph 9 of Schedule 2 of the Code. RVNZ, FKP and MBL have not provided any information for the purposes of any such disclosure.

9.2 Other than any holdings of persons who may be associates of C. Cook (as referred to in paragraph 9.1), neither Metlifecare, nor any director or senior officer of Metlifecare nor any of their associates, has acquired or disposed of any equity securities of RVNZ during the six month period before the Reference Date.

10. ARRANGEMENTS BETWEEN RVNZ (AND RVNZ’S ASSOCIATES) AND METLIFECARE (AND METLIFECARE’S RELATED COMPANIES)

10.1 The following are the particulars of all agreements and arrangements (whether legally enforceable or not) made, or proposed to be made, between RVNZ (or any associates of RVNZ) and Metlifecare (or any of Metlifecare’s related companies), in connection with, in anticipation of, or in response to, the Offer:

- (a) Pursuant to the terms of a letter dated 9 February 2005 from Goldman Sachs JB Were on behalf of PHC to Metlifecare, Metlifecare agreed with PHC to assist PHC with its process for the potential divestment of its shareholding in Metlifecare. This assistance was agreed to include:

- (i) the provision of information for inclusion in an Information Memorandum;

- (ii) the provision of data for a due diligence room and participation in management interviews,

in each case to be provided only to parties who had signed a non-disclosure agreement to which Metlifecare was a party.

Pursuant to the terms of the letter PHC agreed to pay the reasonable costs of Metlifecare associated with Metlifecare's involvement in PHC's sale process, other than those costs recoverable from a bidder. Pursuant to a subsequent letter dated 10 March 2005, and subject to certain limitations, PHC also agreed to indemnify Metlifecare in relation to the issue of the Information Memorandum or discussions or representations by PHC or its advisers or agents, in connection with the Information Memorandum.

- (b) FKP, Metlifecare, PHC and C. Cook entered into confidentiality arrangements in March 2005, under which FKP agreed to keep confidential the information disclosed to it for the purposes of evaluating a takeover offer for Metlifecare. The confidentiality deed poll contains restrictions on FKP contacting certain third parties and non-solicitation provisions in respect of Metlifecare employees and has a three year term. MBL also entered into similar confidentiality arrangements with Metlifecare in August 2005.

10.2 As a result of receiving acceptances under the Offer which represent more than half the issued shares of Metlifecare, RVNZ is a related company of Metlifecare. Metlifecare has requested RVNZ to provide any disclosures required for the purposes of paragraph 10 of Schedule 2 of the Code. RVNZ has not provided any information for the purposes of any such disclosure.

10.3 Other than as disclosed in paragraph 10.1 or any agreements or arrangements entered into by RVNZ (as referred to in paragraph 10.2), no agreement or arrangement (whether legally enforceable or not) has been made, or is proposed to be made, between RVNZ or any associates of RVNZ, and Metlifecare or any related company of Metlifecare, in connection with, in anticipation of, or in response to, the Offer.

11. RELATIONSHIP BETWEEN RVNZ (AND RVNZ'S ASSOCIATES), AND DIRECTORS OR SENIOR OFFICERS OF METLIFECARE (AND METLIFECARE'S RELATED COMPANIES)

11.1 Metlifecare has been advised that PHC, FKP and MBL entered into an agreement on 22 August 2005, pursuant to which:

- (a) a break fee of \$500,000 was payable by PHC to each of FKP and MBL in certain circumstances including if, during the period to 19 September 2005, PHC breached prohibitions on soliciting proposals for PHC's shares, endorsed a competing transaction, released Todd Capital Limited ("**Todd Capital**") from a pre-emptive agreement dated 9 November 1999 or failed to use best endeavours to exercise the drag-along provisions in the pre-emptive agreement if a pre-emptive notice was given during that period;
- (b) a break fee of \$500,000 was payable to PHC by each of FKP and MBL in the event that FKP or MBL entered into discussions with, or undertook a transaction with, Todd Lifecare during the period up to 19 December 2005 (provided that no break fee was payable by PHC).

This agreement was terminated by the agreement dated 19 October 2005, described in paragraph 11.4.

- 11.2 Metlifecare has been advised that on 22 September 2005, PHC, C. Cook, FKP and MBL entered into an arrangement under which PHC agreed to pay the sum of \$3,000,000 to FKP and MBL (as to 50 per cent each) if PHC and/or C. Cook entered into a pre-bid agreement prior to 5.00pm on 27 September 2005 with any party other than RVNZ or another company owned by FKP and MBL. The date was subsequently extended to 5.00pm on 30 September 2005.
- 11.3 Metlifecare has been advised that RVNZ, PHC and C. Cook entered into an agreement for the provision of consultancy services to RVNZ on 30 September 2005 ("**Consultancy Agreement**"). The material terms of the Consultancy Agreement are:
- (a) PHC will perform certain consultancy services for RVNZ in relation to Metlifecare and the retirement village and aged care sector generally;
 - (b) C. Cook undertakes to personally perform the services to be performed by PHC under the Consultancy Agreement provided that he may be reasonably assisted by certain individuals;
 - (c) RVNZ will use reasonable endeavours in its capacity as shareholder of Metlifecare to enable C. Cook to remain as a director on the board of Metlifecare for the period of the Consultancy Agreement;
 - (d) Each of PHC and C. Cook will not advise, provide services to, or be interested in or associated with any competitor to RVNZ, Metlifecare, FKP and/or MBL in relation to retirement village or aged care acquisitions or any business or activity which may interfere with its obligations under the Consultancy Agreement or is competitive with the business conducted by RVNZ, Metlifecare, FKP and/or MBL, with the exception of assets owned directly by PHC and C. Cook on Waiheke Island (New Zealand) and by related business interests in the United Kingdom, which are not the subject of the Offer;
 - (e) the Consultancy Agreement commenced on the date on which the Offer was declared unconditional by RVNZ, 8 November 2005, and continues for a period of 12 months unless terminated earlier in accordance with the Consultancy Agreement or extended by mutual agreement of the parties;
 - (f) the Consultancy Agreement is terminable on 30 days' written notice by RVNZ or PHC;
 - (g) RVNZ will pay PHC a minimum retainer fee of NZ\$300,000 per annum, based on 100 days service over the term of the Consultancy Agreement, payable monthly in advance; and
 - (h) in the event that the Takeovers Panel determines that any terms of the Consultancy Agreement constitute a breach of Rule 20 of the Takeovers Code then the parties will make such amendments as required so as to not be in breach of Rule 20, provided that in the event of a fundamental change PHC shall be entitled to terminate the Consultancy Agreement on 14 days' written notice to RVNZ.
- 11.4 Metlifecare has been advised that on 19 October 2005 PHC, Todd Lifecare, Todd Capital, RVNZ, FKP, MBL and C. Cook entered into a Pre-bid Agreement

(“**Pre-bid Agreement**”). Pursuant to the terms of the Pre-bid Agreement PHC and Todd Lifecare agreed to accept the Offer in respect of their entire holdings of Metlifecare shares. The material terms of the Pre-bid Agreement are:

- (a) each of PHC, C. Cook, Todd Lifecare and Todd Capital agreed to waive their rights under a Pre-emptive Agreement in respect of Metlifecare dated 9 November 1999 between PHC, C. Cook and Todd Capital (“**Pre-emptive Agreement**”);
- (b) RVNZ was obliged, subject to certain conditions, to give a notice of intention to make a takeover offer and to make the Offer in the period beginning 14 days and ending 20 days after sending the notice of intention to make a takeover offer;
- (c) each of PHC and Todd Lifecare irrevocably agreed to accept the Offer in respect of all of its Metlifecare shares no later than (i) three days after RVNZ sent the Offer Document or (ii) the date of receipt by PHC and Todd Lifecare respectively of the Offer Document (whichever is later), subject to the Offer being made in accordance with the agreement; and
- (d) each of FKP and MBL agreed to severally guarantee the performance of RVNZ's obligations under the agreement.

11.5 RVNZ has agreed that, in respect of the directors of Metlifecare:

- (a) appropriate directors and officers insurance will be maintained for current and former directors and officers of Metlifecare in accordance with the company's existing policy, and appropriate run-off cover will be maintained as is reasonable and prudent. If there is any disagreement on what is reasonable and prudent, the matter will be determined by an appropriate independent expert; and
- (b) current and former directors of Metlifecare will have continued access to the Metlifecare group's records on reasonable notice and as reasonably required for the purposes of any litigation, to defend any claims, or regulatory enquiry or proceedings in which they are involved. Appropriate confidentiality undertakings will be provided by the current/former directors as a condition of access.

11.6 Metlifecare has requested RVNZ, as a related company of Metlifecare, to provide any other disclosures required for the purposes of paragraph 11 of Schedule 2 of the Code. RVNZ has not provided any information for the purposes of any such disclosure.

11.7 Other than the arrangements disclosed in paragraphs 11.1 to 11.5, or any agreements or arrangements entered into by RVNZ (as referred to in paragraph 11.6) no agreement or arrangement (whether legally enforceable or not) has been made, or is proposed to be made, between RVNZ or any associates of RVNZ, and any of the directors or senior officers of Metlifecare or any related company of Metlifecare, in connection with, in anticipation of, or in response to, the Offer.

11.8 As Metlifecare is a related company of RVNZ, all directors and senior officers of Metlifecare are also directors and senior officers of a related company of RVNZ. The Metlifecare directors are listed in paragraph 4 above. The senior officers of Metlifecare are:

- (a) R. Davis, General Manager, Sales and Marketing;
- (b) R. de Haast, acting Chief Executive Officer;
- (c) K. De Suza, Company Secretary;
- (d) N. MacCulloch, Chief Financial Officer; and
- (e) W. Ross, General Manager Property Services.

12. AGREEMENT BETWEEN METLIFECARE (AND METLIFECARE'S RELATED COMPANIES), AND DIRECTORS OR SENIOR OFFICERS OF METLIFECARE (AND METLIFECARE'S RELATED COMPANIES)

12.1 Metlifecare's constitution provides that any director who held office on or before 1 May 2004 and has continued to hold office since that date may receive a lump sum payment or pension in connection with cessation of office ("**Qualifying Director**") without an ordinary resolution of the company provided that the total amount of the payment (or the base for the pension) must not exceed the total remuneration of the director, in his or her capacity as a director, in any three years chosen by the board. All Metlifecare's current directors are Qualifying Directors. Should a Qualifying Director cease to hold office as a result of the Offer succeeding, the board may, at its discretion, make such lump sum payments to such directors. These provisions were not included in Metlifecare's constitution in connection with, in anticipation of, or in response to, the Offer.

12.2 On 8 December 2004, Metlifecare adopted a Corporate Governance Statement, a copy of which appears on its website www.metlifecare.co.nz. That statement provides that the retirement allowances of all non-executive directors in office at 1 May 2004 will be maintained so that on the eventual retirement (or death during office) of any such non-executive director a retirement allowance will be paid to that director (or estate) with the payment not to exceed the total remuneration of the director in the three years preceding the date of retirement or cessation of office. The level of directors' fees recommended and paid to date has reflected the policy of payment of retirement allowances to retiring non-executive directors. Metlifecare's non-executive directors intend that the payment of retirement allowances be determined in conjunction with any reconstitution of the board. The maximum amount payable for any such retirement allowances is \$210,000 in respect of P. Fitzsimmons, \$126,000 in respect of H. LeGrice and \$126,000 in respect of M. Stiassny.

12.3 There is an existing arrangement between Metlifecare and Messrs de Haast and MacCulloch, senior officers of Metlifecare, that Metlifecare will make cash payments that would replicate the position as if options had been issued to those senior officers under the option scheme. The amount of the payment is based on the share price of Metlifecare shares at the time they commenced employment with Metlifecare and the Offer price. Metlifecare and Messrs de Haast and MacCulloch are currently in discussions in relation to the quantum and timing of the making of such payment.

12.4 C. Cook and RVNZ are parties to the Consultancy Agreement and the Pre-bid Agreement. Metlifecare has requested RVNZ, as a related company of

Metlifecare, to provide any other disclosures required for the purposes of paragraph 12 of Schedule 2 of the Code. RVNZ has not provided any further information for the purposes of any such disclosure.

13. INTERESTS OF DIRECTORS AND OFFICERS OF METLIFECARE IN MATERIAL CONTRACTS OF RVNZ (AND RVNZ'S RELATED COMPANIES)

13.1 PHC is a party to the Pre-bid Agreement, the agreements referred to in paragraphs 11.1 and 11.2 and the Consultancy Agreement. C. Cook is a director of PHC and a director of Metlifecare. Accordingly, C. Cook is interested in each of these agreements.

13.2 Metlifecare has requested RVNZ to provide any disclosures required for the purposes of paragraph 13 of Schedule 2 of the Code. RVNZ has not provided any information for the purposes of any such disclosure.

13.3 Other than as described in paragraphs 13.1 and 13.2 above, no:

- (a) director or senior officer of Metlifecare or their associates;
- (b) person who, to the knowledge of the directors or the senior officers of Metlifecare, holds or controls more than 5% of any class of equity securities of Metlifecare,

has any interest in any material contract to which RVNZ, or any related company of RVNZ, is a party.

14. ADDITIONAL INFORMATION

14.1 The Offer Document attaches a report by KPMG dated 25 October 2005 which opines on the arms length and commercial nature of the Consultancy Agreement. The following statement is contained on page 3 of the KPMG report:

“We were also advised the termination of the original agreement in November 2004 was the result of issues unrelated to value delivered by Mr Cook and Cook Management Services Ltd under the agreement.”

The committee of independent directors, comprising Messrs Fitzsimmons and Stiassny, wish to advise that neither Metlifecare, the Board of Directors nor the committee of independent directors provided or were asked to provide any information on this issue.

14.2 Other than as described in paragraph 14.1 above, in the opinion of the directors of Metlifecare, no additional information known to Metlifecare is required to make the information in RVNZ's offer document correct or not misleading.

15. RECOMMENDATION

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

15.2 The factors taken into consideration in making the recommendation include:

- (a) Grant Samuel & Associates Limited (“**Grant Samuel**”), as independent adviser, has assessed that the Offer is fair.

- (b) The Offer price of \$3.90 falls well within Grant Samuel's valuation range.
- (c) PHC and Todd Lifecare, who can be regarded as well informed and sophisticated investors, clearly consider the Offer sufficiently attractive to have committed themselves to it through the Pre-bid Agreement.
- (d) As a result of PHC and Todd Lifecare accepting the Offer, RVNZ now controls 65.34% of Metlifecare's issued shares and therefore there is very little possibility of a competing takeover offer being made for Metlifecare.
- (e) 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 Metlifecare.

15.3 C. Cook has signed the Pre-bid Agreement with RVNZ and has accepted the Offer. Given this association with RVNZ and interest in respect of the Offer, C. Cook abstains from making any recommendation concerning the Offer.

16. ACTIONS OF METLIFECARE

- 16.1 Details of any material agreement or arrangement (whether legally enforceable or not) that Metlifecare and its related companies entered into as a consequence of, or in response to, or in connection with, the Offer are contained in paragraph 10.1 above.
- 16.2 On 14 November 2005 the terms of the 100,000 options to acquire Metlifecare ordinary shares were altered to allow the options to be transferred to RVNZ pursuant to the terms of the Offer and to allow RVNZ to be able to exercise those options.
- 16.3 Metlifecare has requested RVNZ, as a related company of Metlifecare, to provide any disclosures required for the purposes of paragraph 16 of Schedule 2 of the Code. RVNZ has not provided any information for the purposes of any such disclosure.
- 16.4 Other than any negotiations that may have been entered into by RVNZ (as referred to in paragraph 16.3), there are no negotiations under way as a consequence of, in response to, or in connection with, the Offer that relate to or could result in:
- (a) an extraordinary transaction, such as a merger, amalgamation, or reorganisation, involving Metlifecare or any of its related companies; or
 - (b) the acquisition or disposition of material assets by Metlifecare or any of its related companies; or
 - (c) an acquisition of equity securities by, or of, Metlifecare or any related company of Metlifecare; or
 - (d) any material change in the equity securities on issue, or policy relating to distributions, of Metlifecare.

17. EQUITY SECURITIES OF METLIFECARE

- 17.1 There are currently 87,348,541 Metlifecare ordinary shares on issue. These are all fully paid. Shareholders have in respect of each Metlifecare ordinary share:
- (a) the right to an equal share in dividends authorised by the board of directors of Metlifecare;
 - (b) the right to an equal share in distribution of surplus assets of Metlifecare;
 - (c) subject to the prohibitions in the Listing Rules and Metlifecare's constitution, the right to participate in any further issues of equity securities by Metlifecare; and
 - (d) subject to the prohibitions in the Listing Rules and Metlifecare's constitution, the right to cast one vote on a show of hands or the right to cast one vote on a poll (for each share held) on any resolution, including a resolution to:
 - (i) appoint or remove the director or auditor;
 - (ii) alter Metlifecare's constitution;
 - (iii) approve a major transaction by Metlifecare;
 - (iv) approve an amalgamation involving Metlifecare (other than an amalgamation of a wholly owned subsidiary); and
 - (v) put Metlifecare into liquidation.
- 17.2 Metlifecare currently has on issue options to acquire 100,000 Metlifecare ordinary shares. The options confer no rights in respect of capital, distributions or voting, other than the right to acquire Metlifecare ordinary shares, which if acquired will have the rights attaching to Metlifecare ordinary shares referred to in paragraph 17.1. The material terms of the options are set out in Schedule Five.

18. FINANCIAL INFORMATION

- 18.1 Every person to whom the Offer is made is entitled to obtain from Metlifecare a copy of its most recent annual report (being an annual report for the period ended 31 December 2004) by making a written request to:

The Company Secretary
 Metlifecare Limited
 P O Box 37463
 Parnell
 AUCKLAND

A copy of the annual report is also available on Metlifecare's website,
www.metlifecare.co.nz.

- 18.2 A copy of Metlifecare's most recent half-yearly report (being a half-yearly report for the period ending 30 June 2005) is attached to this Statement.
- 18.3 Other than as disclosed in Metlifecare's half yearly report for the period ending 30 June 2005 and the projections announced by Metlifecare to NZX on 9 August 2005, there are no known material changes to the financial or trading

position, or prospects, of Metlifecare since the 31 December 2004 annual report.

19. INDEPENDENT ADVICE ON MERITS OF THE OFFER

- 19.1 Grant Samuel, as independent adviser, has prepared a report under Rule 21 of the Takeovers Code ("**Independent Adviser's Report**"). A full copy of the Independent Advisers Report is attached to this Statement.

20. ASSET VALUATION

- 20.1 The Independent Advisor's Report refers to a valuation of the Metlifecare interest in the properties owned and licences to occupy granted over those properties. The valuation is dated 30 September 2005 and was prepared by CB Richard Ellis Limited ("**CB Richard Ellis**").
- 20.2 The basis of computation and the principal assumptions underlying the asset valuations are set out in sections 4 and 5 of the Independent Adviser's Report.
- 20.3 Copies of the CB Richard Ellis valuations will, subject to any waiver of this requirement that Metlifecare obtains from the Takeovers Panel, be available for inspection at the registered office of Metlifecare (being Level 2, Metlifecare House, 302 Great South Road, Greenlane, Auckland) and a copy of the valuation will be sent to any shareholder who makes a written request to:

The Company Secretary
Metlifecare Limited
PO Box 37463
Parnell
AUCKLAND

21. PROSPECTIVE FINANCIAL INFORMATION

- 21.1 The Independent Adviser's Report contains prospective financial information in relation to Metlifecare and the principal assumptions on which the prospective financial information is based are set out in sections 4 and 5 of the Independent Adviser's Report.

22. SALES OF UNQUOTED EQUITY SECURITIES UNDER OFFER

- 22.1 The 100,000 options the subject of the Offer are not quoted on the NZX. W. Ross accepted the offer for his 100,000 options on 9 November 2005.
- 22.2 The Metlifecare shares the subject of the Offer are quoted on the NZSX.

23. MARKET PRICES OF QUOTED EQUITY SECURITIES UNDER OFFER

- 23.1 The closing price on the NZSX of Metlifecare shares on:
- (a) 15 November 2005, being the Reference Date was \$3.88 per share; and
 - (b) 20 October 2005, being the last day on which the NZX was open for business before 21 October 2005 (being the date on which Metlifecare received RVNZ's takeover notice), was \$3.83 per share.

23.2 The highest and lowest closing market prices of Metlifecare shares on the NZSX during the six months prior to 21 October 2005 (being the date on which Metlifecare received RVNZ's takeover notice) were:

- (a) highest closing market price – \$3.86 on 19 October 2005; and
- (b) lowest closing market price – \$3.30 which was the closing price on each of 30 and 31 May, 1, 3 and 16 June and 6 and 8 July 2005.

24. OTHER INFORMATION

24.1 R. Bryden and B. Sutton were directors of Metlifecare during the currency of the Offer, however each resigned on 11 November 2005. R. Bryden and B. Sutton are directors and/or employees of Todd Lifecare and Todd Capital, and therefore may be associates of Todd Lifecare and Todd Capital. Accordingly, in addition to the disclosures made in this Statement in relation to Todd Lifecare and Todd Capital, Metlifecare discloses the interests of R. Bryden and B. Sutton as follows:

- (a) Neither R. Bryden nor B. Sutton hold any shares in Metlifecare.
- (b) Neither R. Bryden nor B. Sutton acquired or disposed of any equity securities of Metlifecare in the 6 months before the Reference Date.
- (c) Todd Lifecare has accepted the Offer in respect of its holding of 30,215,026 shares.
- (d) Todd Lifecare and Todd Capital are parties to the Pre-bid Agreement.

25. APPROVAL OF TARGET COMPANY STATEMENT

25.1 The contents of this Statement have been approved by the Board of Directors of Metlifecare.

25.2 C. Cook has not participated in the preparation of this Statement, except to the extent that he has been asked to provide information for inclusion in this Statement which relates specifically to him. Accordingly, he has not approved this Statement.

26. CERTIFICATE

26.1 To the best of our knowledge and belief, after making proper enquiry, the information contained in or accompanying this Statement is, in all material respects, true and correct and not misleading, whether by omission of any information or otherwise, and includes all the information required to be disclosed by Metlifecare under the Takeovers Code.

SIGNED BY:



P. W. Fitzsimmons OBE
Chairman



N. S. MacCulloch
Chief Financial Officer



M. P. Stiassny
Director



R. J. A. de Haast
Acting Chief Executive Officer

SCHEDULE ONE

Name of Director / Senior Officer	Ordinary Shares held or controlled by Director / Senior Officer		Ordinary Shares held or controlled by Associates of Director / Senior Officer	
	Number	Percentage	Number	Percentage
C.J. Cook, Director	-	-	57,079,038 ¹	65.34%
P.W. Fitzsimmons, Director	22,748	0.03%	-	-
H. LeGrice, Director	186,800	0.21%	1,819,660 ²	2.08%
M.P. Stiasny, Director	-	-	250,000	0.29%
K.B. De Suza, Company Secretary	15,500	0.02%	-	-

¹ The total of 57,079,038 ordinary shares held or controlled by associates of C. J. Cook is comprised as follows:

- (a) 57,074,956 shares held by RVNZ and controlled by FKP and MBL. C. J. Cook is an associate of RVNZ, FKP and MBL by virtue of the Pre-bid Agreement and the Consultancy Agreement.
- (b) 4,082 shares held by Rosslyn Heather Hinton, who is an associate of Gregory Hinton. Gregory Hinton and C.J. Cook may be associates as a result of their business relationship.

² 139,660 shares owned by H LeGrice's wife, Angela Alison Lindsay and 1,680,000 shares owned by Resolution Investments Limited (of which H. LeGrice is a director) as the trustee of the Moorfields Trust, a family trust of H. LeGrice.

SCHEDULE TWO

Name	Number of ordinary shares held or controlled	Percentage	Number of options held or controlled	Percentage
Retirement Villages New Zealand Limited	57,074,956	65.34%	100,000	100%
FKP Limited	57,074,956	65.34%	100,000	100%
Macquarie Bank Limited	57,074,956	65.34%	100,000	100%
BWA Custodians Limited as security trustee for Bank of New Zealand, BOS International (Australia) Limited and Macquarie Bank Limited	57,074,956	65.34%	100,000	100%
Fisher Funds Management Limited (as advised by Fisher Funds Management Limited on 29 September 2005)	9,988,731	11.44%		
TEA Custodians Limited	7,946,347	9.10%		

SCHEDULE THREE**(Paragraph 5.4)**

Name	Number	Class	Issue Price
R.H.J. Davis, General Manager, Sales and Marketing	100,000	Ordinary shares	\$1.24/share
G.N. Aleksich, (former Chief Executive Officer)	400,000	Ordinary shares	\$1.20/share
	100,000	Ordinary shares	\$1.04/share

SCHEDULE FOUR

(Paragraph 6.1)

Name	Number	Designation	Acquisition or Disposal	Date	Consideration
R Davis, General Manager Sales and Marketing	7,000	Ordinary	Disposal	10/10/05	\$3.73/share
	100,000	Ordinary	Disposal	11/11/05	\$3.90/share
Leonard James Davis and Daphne Harriet Davis, Associates of R. Davis	2,000	Ordinary	Disposal	11/11/05	\$3.90/share
Private Health Care (NZ) Limited (an associate of C. J. Cook, director)	21,713,345	Ordinary	Disposal	8/11/05	\$3.90/share
Essex Castle Limited (which may be an associate of C. J. Cook, director)	173,416	Ordinary	Disposal	15/11/05	\$3.90/share
Todd Lifecare Limited (which may be an associate of R. W. Bryden and B. C. Sutton, who were directors during the currency of the offer and may have been an associate of C.J. Cook prior to ceasing to be a shareholder of Metlifecare)	30,215,026	Ordinary	Disposal	8/11/05	\$3.90/share
Retirement Villages New Zealand Limited	57,074,956	Ordinary	Acquisition	8/11/05 – 15/11/05	\$3.90/share
W. Ross, General Manager Property Services	100,000	Options	Disposal	09/11/05	\$2.64/option

SCHEDULE FIVE

Material Terms of Options

The 100,000 Options on issue have been issued pursuant to a letter of offer dated 30 May 2002 to William Ross regarding the issue of Options to Acquire Shares (“Offer”). The options have an exercise price of \$1.26 and can be exercised during the period beginning on the third anniversary of the entitlement date, 23 May 2002, and ending on the fifth anniversary of the entitlement date.

Each Option confers the right to acquire one share in accordance with the terms and conditions of the Offer and the terms attached to the Option Certificate subject to adjustments as defined in the Offer relating to entitlements to bonus issues, rights issues and reconstructions.

No Option may be transferred, except in limited circumstances which, pursuant to a board resolution dated 14 November 2005, include transfers on acceptance of the RVNZ Offer. A share allotted on the exercise of an Option ranks equally in all respects with Shares on issue at the Exercise Date of the Option. Prior to being exercised, the Option holder is not entitled to any dividends from Metlifecare.

Options cannot be exercised before the third anniversary of the entitlement date (being 23 May 2005) and then only in the following periods:

- The period commencing on the day after the day on which the results of Metlifecare for most recently completed financial year of Metlifecare are announced through the NZSE in accordance with the Listing Rules and ending five months after the end of the financial year; and
- The period commencing on the day after the day on which the results of Metlifecare for the most recently completed financial half year of Metlifecare are announced through the NZSE in accordance with the Listing Rules and ending four months after the end of the financial half year.

The Minimum number of Options that may be exercised on any one occasion shall be the lesser of 500 Options or the holder’s entire holding.

An Option not exercised by the fifth anniversary of the entitlement data (being 23 May 2007) shall lapse. The Options also lapse if the holder ceases to be an employee for any reason (subject to the determination of the Metlifecare Directors).

The directors of Metlifecare may amend the terms on which the Options are issued as they think fit provided that no such amendment which would adversely affect the position of the holder may be made without the written consent of the holder.

Exercise of Options on Takeover Offers

If an offer is made to the holders of all of the shares in Metlifecare (or to the holders of all of the shares in Metlifecare other than the offeror and persons associated with the offeror), or a scheme of arrangement, amalgamation or reconstruction having similar effect is implemented, Metlifecare shall notify the holder accordingly. The holder may, within 10 business Days after the date on which notification is received, by written notice to Metlifecare, exercise the Options held (being those Options that have issues but not exercised and excluding unissued Options).

For any of the above events, once the Options are exercised the Option holder is entitled to participate as an ordinary shareholder.