

Metlifecare Limited

Chairman's Address

Annual Meeting 1 May 2003, 4.00 pm

As previously reported around three years ago, the Board of Directors and management engaged in a detailed review of the company's business direction and focus.

At that time, Metlifecare lacked a clearly defined vision and was focussed largely on development instead of its core strength as an operator.

After completion of the review process, the management team began the task of rolling out a comprehensive business plan.

The plan primarily sought to build on the Company's operational capabilities, while developing and enhancing existing properties.

Today, a considerable part of that plan has been completed. Business performance has improved and will continue to do so as a foundation for business and service delivery excellence is now implanted across the organisation.

Today, the financial health and strength of Metlifecare has never looked better. In the last year, net surplus increased from \$7.2M to \$10.4M; and revenue exceeded the \$100M mark for the first time.

Operating cashflows rose by 22.7% and we experienced a record year, in terms of resales of villas and apartments.

In fact, all areas of the company's operations achieved improved revenues and margins.

While occupancy levels at nursing homes and hospitals reduced slightly by 2.1%, this was largely due to beds being unavailable because of refurbishment programmes and the commissioning of a new hospital at Metlifecare Coastal Villas.

During the year, debt dropped from \$52.4M to \$50.6M. The level of debt at year end included \$19.6M invested in development.

At year end, total assets were \$184.6M with total liabilities \$70.7M.

Overall, continued strong demand for the Company's products and services has further underpinned the value and importance of our offering to the retired public.

During 2002, we announced the sale of the company's Epsom and Browns Bay facilities. The sale of these two facilities was in line with Metlifecare's strategic business direction. That direction embraces operating lifestyle retirement villages which provide a continuum of care from independent lifestyle options through to hospital level care, rather than having 'care' as a stand alone activity. The proceeds of \$10.7M from the sale of these two facilities plus \$1.2M from the surplus land adjacent to Epsom have been received realising a small profit on the current book value.

Our success rests with a team of people who are employed by Metlifecare. Under the leadership of the Chief Executive, we have a senior management team that is motivated and focussed on business performance. The Directors would like to thank the entire Metlifecare staff for their efforts and dedication to the Company during 2002.

The Directors believe that the outlook for Metlifecare is very positive.

The Company continues to operate in a market with attractive demographics and management remains focussed on improving product quality and service delivery to our client base.

That focus will continue to reap rewards in terms of sustainable and improved operating margins. We are also continuing to grow the business through carefully considered development. This will involve use of our existing land bank and new acquisitions such as the recently announced Takapuna site in North Shore City.

From time to time, Management and Directors receive enquiries regarding the current dividend policy. In 1999 the Board agreed to change the dividend policy, reflecting the view that shareholder value is best enhanced through deploying surplus funds to pursue a targeted growth strategy. It also takes into account the Company cannot attach imputation credits to dividends. Directors remain firm in their view that this policy continues to represent the best value proposition for the company and its shareholders. It is a matter which Directors review and consider carefully from time to time.