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Media Release

STRONG PROFIT FOR METLIFECARE AS DEVELOPMENT CONTINUES
Metlifecare Limited Financial Results for the Year Ended 30 June 2014

Metlifecare has recorded a successful result for the year ended 30 June 2014, as New Zealand's second largest retirement village provider continues to focus on realising development opportunities and driving further efficiency into its operations.

Net Profit After Tax was $68.8 million for the financial year ended 30 June 2014. This was an 18% increase on the previous year, after excluding FY13 non-recurring items[1] associated with the merger and the sale of Oakwoods village (Nelson).

Underlying profit[2], which removes non-cash items including unrealised valuation gains, increased by 37% to $46.0 million - this was at the top end of the market guidance range of $43 million to $46 million.

The value of Metlifecare's asset base continued to grow, with a $65.7 million increase in the fair value of investment properties, which were valued at $1.961 billion at 30 June 2014. Net Tangible Assets increased to $3.75 per share, 8% up on the previous year.

A final dividend of 2.5 cents per share reflects the company's strong cash flow and sound financial position, taking the full year dividend to 3.75 cps, a year on year increase of 25%.

Chief Executive Officer, Alan Edwards, said: "It has been a successful year for the company, as we have continued our focus on portfolio growth and realising benefits from our increased scale and large operational environments".

"Our villages are strategically located in residential markets where quality retirement lifestyle options continue to enjoy strong demand".

"Our focus is firmly on growing our portfolio to meet the needs of New Zealand's growing population of over-65 year olds. We have a number of large developments underway and confirm that we are on track to meet the delivery of 200+ units and beds by FY15 and onwards. Additionally, we are continually identifying and carefully assessing land acquisitions and other opportunities to expand our portfolio".

Settlement of 458 occupation right agreements for the 2014 financial year was the second highest in the last six years.

An occupancy level of 96% constrained the stock available for resale in FY14, particularly with some villages at full occupancy. Overall, settlement volumes are expected to increase as new stock from Metlifecare's development pipeline becomes available in the last quarter of FY15.

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[1] Non-recurring items include items associated with the acquisition of Vision Senior Living and Private Life Care Holdings and the disposal of the Oakwoods village which occurred in the prior period and not in the current period. Net profit after tax excluding non-recurring items for FY13 was $58.1 million. Please refer to the key statistics attached. Net profit after tax excluding non-recurring items is a non-GAAP financial measure and is not prepared in accordance with NZ IFRS. Metlifecare believes this assists readers to understand the operating performance of the business on a comparable basis.

[2] Underlying profit removes the impact of unrealised gains on investment properties and excludes one-off gains and deferred taxation. Underlying profit for FY13 was $33.4 million – underlying profit is reconciled to reported profit in the key statistics attached to this announcement. This is a non-GAAP financial measure and is not prepared in accordance with NZ IFRS. Underlying profit is an industry-wide measure and Metlifecare believes it assists readers to understand the operating performance of the business.

Metlifecare currently has a land-bank of over 1,000 units and care beds. Construction is progressing on a number of large developments, including two new villages in the Auckland area and the expansion of several existing villages in the Group.

Stages 1 and 2 of The Orchards, the $40 million village in Glenfield on Auckland's North Shore, is well underway with excellent presales of apartments.

Resource consent has been granted for the $160 million Greenwich Gardens village in Unsworth Heights, also on Auckland's North Shore. The earthworks programme has been completed and construction is expected to commence shortly. Presales have just commenced at Greenwich Gardens for the initial 27 villas being built and demand has been strong resulting in some immediate applications.

Development continued at The Poynton in Takapuna, Auckland, with the completion of Stage 3 which offers 55 apartments, and commencement of construction on Stage 4 which will offer a further 62 apartments. A resource consent application has been submitted for a further development at The Avenues in Tauranga, for 42 units and 38 care beds and at Coastal Villas in Paraparaumu, building consent has been obtained for 15 units and construction will start in the first quarter of FY15.

Integrating the continuum of care where possible is important as Metlifecare looks to ensure that residents requiring a higher level of care can remain in the village they have chosen as their home. Providing first class care in resident-directed environments will remain a crucial area of focus for the company into the future.

Alan Edwards said: "The population of those aged over 65 years is expected to double to over one million people by 2036. We have a significant development pipeline and a growing portfolio of high quality villages which will assist in enabling us to meet projected increases in demand".

"In FY15, we will be focused on progressing the consenting processes and planned developments, as well as seeking other new development opportunities. Presales of units constructed in our new villages are expected to be settled in the final quarter of FY15".

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About Metlifecare
Metlifecare is a publicly-listed aged care and retirement lifestyle company. Established in 1984, the company has a proven track record of successfully owning and managing retirement villages in New Zealand. Metlifecare currently owns villages in prime locations throughout the North Island of New Zealand, with most providing a full continuum of care from independent villas and apartments through to serviced apartments, rest homes and hospitals.

METLIFECARE
KEY STATISTICS FOR THE YEAR ENDED 30 JUNE 2014

	FY14 $m	FY13 $m
Net Profit After Tax	**68.8**	**120.3**
Gain on Acquisition	-	(63.6)
Merger & Integration costs[3]	-	3.7
Oakwoods[4]	-	(2.1)
Adjusted Net Profit	**68.8**	**58.3**
Fair value movement of investment properties	(65.7)	(58.9)
Realised gain on resales[5]	26.0	27.3
Realised development margin[6]	7.3	8.1
Deferred Tax Benefit/(Expense)	9.6	(1.3)
Underlying Profit[7]	**46.0**	**33.5**
Total Income	94.8	92.8
Operating Expenses excluding Finance costs[8]	(80.9)	(88.3)
Operating Cash Flow	59.5	60.2
Earnings per share (cps)	32.70	65.80
Dividend per share (cps)	3.75	3.0
Sales of Occupation Right Agreements		
New units (number)	61	113
Existing units (number)	397	424
Total volume (number)	458	537
New units value ($m)	34.4	48.9
Existing units value ($m)	140.3	147.3
Total value ($m)	174.7	196.2
Asset Base		
Retirement village units (number)	3,900	3,836
Residential care beds (number)	359	359
Total assets ($m)	2,009.7	1,893.3

[3] Refer Note 7 of the Financial Statements for the year ended 30 June 2014 for additional details or page 6 of the Investor Presentation dated 25 August 2014.
[4] The add back for the Oakwoods village includes net of revenues, expenses and deferred tax associated directly with this village included in FY13 prior to the village sale. Refer page 6 of the Investor Presentation dated 25 August 2014.
[5] For additional detail on the realised gain on resales refer page 7 of the Investor Presentation dated 25 August 2014.
[6] For additional detail refer page 7 of the Investor Presentation dated 25 August 2014. Realised development margin is the margin obtained on selling an occupation right agreement following the development of the unit. The calculation includes construction costs, non-recoverable GST, land apportionment, capitalised interest to the date of completion and infrastructure costs but excludes construction costs associated with amenities. Margins are calculated based on when a stage is completed. Margins presented above are on the basis of the settled units during the period.
[7] Underlying profit removes the impact of unrealised gains on investment properties and excludes one-off gains and deferred taxation. It is a non-GAAP financial measure and is not prepared in accordance with NZ IFRS. Underlying profit is an industry-wide measure and Metlifecare believe it assists readers to understand the operating performance of the business.
[8] Refer page 6 of the Investor Presentation dated 25 August 2014. Total Expenses excludes interest costs.

Total value of investment properties ($m)	1,961.0	1,845.1
Net tangible assets per share ($)	3.75	3.46
Embedded value per unit ($'000)	130.3	117.4
Land Bank		
Retirement village units (number)	797	827
Residential care beds (number)	261	173
Total	1,058	1,000