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Media Release

1H16 - Metlifecare Delivers Another Strong Half Year Result

- Net Profit after Tax of $125.7m, up 217% on 1H15
- Operating Cash Flows of $78m, up 137% on 1H15
- Underlying Profit[1] of $33.5m, up 29% on 1H15
- Total Assets of $2.4b, up 17% on 1H15
- 103 new sales settled, up 255% on 1H15
- 200 resales settled, down 1% on 1H15
- Land Bank of 2,184 units and beds
- Interim dividend of NZ 1.75 cents

Metlifecare has delivered net profit after tax of $125.7 million for the six months ended 31 December 2015, an increase of more than three times over the prior comparable period (pcp), operating cash flow of $78.0 million against $33.0 million in the pcp (an increase of 137%) and underlying profit of $33.5 million against $26.0 million in the pcp (an increase of 29%).

The strong growth in the key profit metrics is being driven by the lift in list prices of resale units across the portfolio, in particular in Auckland and Bay of Plenty, and increases in new sales of occupation right agreements.

Metlifecare Chief Executive Officer, Alan Edwards said: "We are pleased with Metlifecare's strong financial performance. An indication of this is the growth in operating cash flow excluding first time sales of occupation right agreements which increased to $17.7 million from $16.9 million in the pcp. Operating cash flows excluding first time sales is a measure Metlifecare follows and it reflects the free cash generating capability of the business. First time sales cash is allocated to repaying development debt and maintaining the overall debt levels of the business."

During the period Metlifecare achieved 200 resales of occupation right agreements, which was in line with the prior period and generated realised resale gains of $21.6 million, up 53% on the pcp. Realised resale gains per unit increased to $111k, a 48% increase on the pcp. The increase has resulted from the mix of independent living units and serviced apartments settled during the period and also the strength of property prices across Metlifecare's key village geographies. Deferred Membership Fees (DMF) increased to $64k per resale settlement lifting the combined margin to $175k per settlement, which was 33% higher than the pcp.

"We also track the embedded value per unit which was $180k, 22% up on the pcp. This measure is the difference between the list price of a unit and the occupation right agreement liability (the loan owed to a resident less DMF) and is averaged across all units in the portfolio. The embedded value therefore reflects the future expectation in terms of a cash contribution per resales settlement. The significant movement in the period illustrates the potential for future cash flow growth," said Chief Executive, Alan Edwards.

[1] Underlying profit removes the impact of unrealised fair value movements on investment properties, impairment of property, plant & equipment 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 assists in comparison to peers.

Strong first time sales of occupation rights resulted in 103 (29 in the pcp) new sales for the period generating $60.3 million of cash that was used to reduce development debt.

Metlifecare currently has 307 units under construction, a lift of 55% on the pcp. Of these, 190 are units and 117 are new care beds. During the period Metlifecare has completed 41 units and 36 care beds. The company expects to deliver at least a further 28 units in 2H16, being 12 villas at Oakridge Villas and a further 16 villas at Papamoa Beach Village. The 55 apartments at Greenwich Gardens are contracted to be completed in July 2016.

Chair Kim Ellis commented "We are pleased with the increasing number of units and beds under construction but recognise that our development margins need to lift. Recent additions to the Metlifecare development team, the experience on significant developments such as The Orchards, Greenwich Gardens and new development sites contracted over the last 12 months should enable Metlifecare to improve in this area in the future."

Total assets grew to $2.4 billion, up 17% on the pcp. Net Tangible Assets per share was $4.85, an increase of 24% on the pcp.

As at December 2015 Metlifecare had interest bearing liabilities of $48.7 million, down from $60.1 million at June 2015. The company has available bank facilities of $250 million.

Alan Edwards said, "Metlifecare's low level of debt together with significant funding headroom and capital management disciplines allows it the flexibility to seek further growth in its villages, through both greenfield and brownfield opportunities."

"This is another strong result and we are pleased that the villages in Auckland and the Bay of Plenty have experienced strong value growth on the back of a solid real estate market. With the number of New Zealanders aged over 75 years expected to almost double in the next 30 years, the bulk of them in the upper North Island, Metlifecare's development pipeline is strategically focused in these regions."

"Since December 2014 Metlifecare has increased its land bank by 50%, now at 2,184 units and care beds. Metlifecare's pipeline split is 28% care beds and the balance in village units. The company's target for FY16 is to deliver a range of 105 to 160 units and beds depending on the timing of 55 units at Greenwich Gardens, currently due to be completed in July 2016 but that may be completed earlier. Metlifecare aims to ensure all development debt including the costs associated with community facilities and care homes is repaid using the first time cash from the sale of occupation right agreements."

"Underlying profit guidance for the full year is in the range of $62.0 million to $64.0 million, compared with $52.4 million for FY15."

The directors declared an interim dividend of 1.75 cents per share, to be paid on 21 March 2016, with a record date of 11 March 2016. The Dividend Reinvestment Plan will not apply for this dividend.

ENDS

For more information, please contact:
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About Metlifecare

Metlifecare is a publicly-listed aged care and retirement lifestyle company.The happiness of our residents is at the heart of everything we do. We offer rewarding retirement lifestyle within vibrant social communities backed up by a full range of care services when required.

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. Designed with our residents' personal freedom and sense of security in mind, our living options range from independent villas and apartments through to serviced apartments, rest homes and hospitals.

Attachment: Key Statistics for the Half Year Ended 31 December 2015

METLIFECARE: KEY STATISTICS FOR THE HALF YEAR ENDED 31 DECEMBER 2015

Metlifecare - Performance Summary	1H16 Unaudited	1H15 Unaudited	% Movement
($m except as noted)			
Net Profit After Tax	**125.7**	**39.7**	217%
Non recurring item	-	(2.0)	
Net Profit Excluding non recurring item	125.7	37.7	233%
Fair value movement	(128.5)	(32.3)	298%
Impairment of PP&E			
Realised gain on resales	21.6	14.1	53%
Realised development margin	7.1	3.4	112%
Deferred Tax Benefit/(Expense)	7.7	3.1	149%
Underlying Profit	**33.5**	**26.0**	29%
Total Income	52.1	49.0	6%
Operating Expenses excluding Finance Costs	(47.4)	(40.7)	16%
Operating Cash Flow	78.0	33.0	137%
Sales units value	60.3	16.1	274%
Resales units value	82.5	72.9	13%
Total unit value	142.8	89.1	60%
Totals Assets	2,437.9	2,086.8	17%
Total Value of Investment Properties	2,380.6	2,035.6	17%
Total Equity	1,033.2	830.1	24%
Earnings per share (cps)	59.2	18.8	215%
Dividend per share (cps)	1.75	1.50	17%
Sales Settlements (number)	103	29	255%
Resales Settlements (number)	200	202	-1%
Total Settlements (number)	303	231	31%
Retirement village units (number)	4,074	3,908	4%
Residential care beds (number)	395	359	10%
Net tangible assets per share ($)	4.85	3.92	24%
Embedded value per unit ($'000)	180	147	22%
New units & beds delivered (number)	77	8	863%
Land Bank			
Retirement village units (number)	1,580	1,089	45%
Residential care beds (number)	604	370	63%
Total	2,184	1,459	50%

PART OF THE METLIFECARE FAMILY OF VILLAGES