Company Announcement
22 August 2012

METLIFECARE YEAR END RESULTS
FOR THE YEAR ENDED 30 JUNE 2012

Metlifecare has today released its audited financial results for the year ended 30 June 2012, reporting an uplift in sales, resales and good improvements in operating cashflows. The results were in line with market guidance and exclude the benefits of the merger which was finalised after the end of the financial year.

Sales and resales settlements were up 12% over the previous year, with a total of 330 settlements over the twelve month period providing $113.9m in gross cashflows. Occupancy levels, excluding The Poynton, were at 93%, with a significant increase in serviced apartment occupancy year on year.

Operating cashflows also showed good improvement, up 35% to $31.0m (FY11: $23.0m). This reflects strong settlements leading up to year end, with improvements in serviced apartment sales, sales settlements at The Poynton and revenue from Village services. Operating expenses were on a similar level to previous years, with a rise in property expenses offset by a reduction in finance costs. Merger costs of $1.0m were included in operating expenses.

The reported profit result was impacted by two non-cash expenses - a reduction in the fair value of investment properties of $99.8m, and a deferred tax charge of $38.0m.

As previously announced, CBRE was appointed by Metlifecare to perform a valuation of the company's investment properties. This led to changes to various key assumptions including discount rates and property price growth, and resulted in a decline in the total fair value of investment properties to $1.2b (FY11: 1.3b).

The deferred tax adjustments relate to the impact of the groups on-going ability to utilise tax losses carried forward and the impact of the recent changes to the depreciation rules on the depreciable tax base in the future.

As a result, Metlifecare reported a Net Loss After Tax of $(132.0)m. Excluding non-cash expenses, trading performance[1] was $6.2m compared to $8.1m in FY11 (refer investor presentation).

There was also a $9.6m uplift in the revaluation of care facilities net of tax which were the result of a change in accounting policy adopted by the company in the current year.

Bank debt was $69.2 million as at 30 June 2012 excluding cash balances (FY11: $125.2 m).

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[1] Excludes changes in valuations, amortisation, depreciation and impairment, finance costs and tax expense.

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Chairman of Metlifecare, Mr Peter Brown, commented: "2012 was a milestone year for Metlifecare, as we effected a number of major strategic initiatives that will be of long term value to the company and to shareholders.

"Following a strategic review of the capital and ownership structure in October 2011, a capital raising was undertaken and generated approximately $45.5 million in equity, which was used to reduce bank debt. Following this, in May 2012, we announced a proposed merger with Vision Senior Living and Private Life Care Holdings, which was finalised in July 2012.

"As part of the merger transaction and post-year end, Retirement Villages Group sold down their majority shareholding from 50.1% to 43.2%. The Board believes this will lead to greater liquidity and trading volumes and will be of long term benefit to all shareholders.

"These initiatives have created a company with a strong portfolio of villages, a significant development pipeline and the expertise to support this, an improved balance sheet and a more diverse shareholder base. Metlifecare is now well positioned to take advantage of the significant potential available in the retirement living sector."

CEO and Managing Director of Metlifecare, Alan Edwards, said: "In a transformative year for the company, our staff continued to focus and deliver on operating performance. We have seen a pleasing increase in sales, resales and operating cashflows over the past three years. The benefits of our larger organisation will start to be realised in the 2013 financial year, and our focus is on integrating the businesses, realising synergies, debt reduction, initiating developments and delivering improved results.

"We will also be looking to maximise the potential of established and mature Villages, and will continue to drive revenue from Village services and from resales.

"We now have an exciting development pipeline in place, offering a mixture of brownfield and greenfield opportunities. We have sufficient bank funding capacity to continue with these opportunities, as well as seek out additional development prospects."

The Board will consider a dividend for the 2012 year around the time of the AGM in October once the post-merger capital management and development strategies have been finalised.

ENDS

Released on behalf of Metlifecare by Jackie Ellis, spice communications group tel 09 360 8500 or email Jackie@spice.co.nz

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About Metlifecare:

Metlifecare is a publicly listed aged care and retirement lifestyle company. Established in 1986, 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 New Zealand, with most providing provide a full continuum of care from independent villas and apartments through to serviced apartments, rest homes and hospitals. www.metlifecare.co.nz

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