Metlifecare Limited

Dear Shareholder

As you may be aware, your company, Metlifecare Limited has signed merger agreements to acquire two New Zealand retirement village providers - Vision Senior Living Limited (Vision) and Private Life Care Holdings Limited (PLC).

This is a very positive and important step for our company and our shareholders, and one which will be of both financial and strategic benefit to our Company.

The proposed merger was first announced on 7 May 2012. On 21 May 2012, following feedback from a number of our Institutional Shareholders, the Independent Directors announced enhancements to the merger terms to deliver an even more compelling outcome for MET's shareholders.

In the opinion of the Independent Directors, the transaction represents an ideal opportunity for Metlifecare to acquire assets which offer a good strategic fit, and offers a number of attractive benefits for Metlifecare, including the following:

- **An enhanced platform for Metlifecare to drive growth and shareholder value**. The merger will increase Metlifecare's Total Assets to over $2 billion, with a resulting property portfolio that is more balanced between mature villages, developing villages and development sites.

- **Complementary village portfolios in premium locations, as well as a strengthened presence in the important Auckland market.** Metlifecare's portfolio will expand from 16 to 24 villages (from seven to 12 villages in Auckland), with the number of units increasing from 2,460 to 3,902.

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- **Access to strong development expertise and property suitable for development**. Metlifecare's development pipeline will expand to four development sites plus three greenfield village developments, in addition to existing brownfield opportunities. The merger also brings on board an experienced, in-house development team from Vision. Metlifecare's experience in providing a continuum of care will be extended to Vision and PLC villages.

- **The merger is immediately cashflow accretive**. Management, supported by expert independent advisers, forecast that the transaction will be 'operating cashflow' accretive in FY13. Shareholders will benefit through cashflow accretion of 7 cents per share in FY13, a 35% increase on forecast FY12 operating cash flow (excluding the conditional Vision shares).

- **Initial Cost Synergies**. The transaction will create immediate cost synergies via the removal of duplicated functions. Savings are expected to be $1.5 million in Year 1, with a further $2.5 million in Year 2. Revenue synergies and development efficiencies are also expected.

- **Attractive valuation metrics**. The transaction was initially valued on a relative Net Total Asset (NTA) basis. The changes to the deal terms resulted in more attractive valuation metrics. We are acquiring Vision and PLC at deeper discounts to NTA than the current discount to the Metlifecare NTA.

The transaction will be funded by Metlifecare issuing 42.7 million new ordinary shares to the shareholders of Vision and PLC. If the five day volume weighted Metlifecare share price exceeds $3.00 within 28 months of the merger, Vision shareholders will receive an additional 7 million shares. In addition, Metlifecare will seek subscriptions for at least $10 million additional capital from third party investors, with the proceeds to be used to reduce debt.

In addition to the consideration above, Metlifecare will refinance the debt within Vision and PLC. Following the merger, our Company will have over $2 billion in assets, net equity of approximately $789 million, with an additional $23.2 million in operating cashflow forecast for FY13. Bank debt will be approximately $189 million, with a resulting gearing level which is still lower than the other listed participants in the sector. The Board has indicated that they are comfortable with this level of debt.

The shares issued in consideration for the merger will be held in escrow and cannot be sold for 16 months, except that RVG has indicated that, following the transaction, it will seek to sell down its shareholding in Metlifecare to between 41% and 45% on an undiluted basis. We believe this is beneficial to the shareholders as it will increase the liquidity of the stock in the market and result in a broader shareholder base, which is likely to increase the attractiveness of the shares for retail investors.

The transaction is conditional upon Overseas Investment Act approval, shareholder approval, certain third party consents and no material adverse changes. The resolutions to acquire Vision and PLC will be put to shareholders at a Special Meeting to be held in Auckland on 21 June 2012. If all conditions are satisfied, then settlement will be scheduled for early July 2012.

Vision is currently owned 68% by private equity funds managed by Goldman Sachs and the balance by private shareholders in Arrow International Group Limited. PLC is 100% owned by Retirement Villages New Zealand Limited, a subsidiary of unlisted investment fund, Retirement Villages Group (RVG), Metlifecare's major shareholder. Therefore, RVG will be excluded from voting on the transaction resolutions at the Special Meeting.

Given RVG's indirect shareholding in both Metlifecare and PLC, the proposed transaction constitutes a material transaction with a related party under the NZX Listing Rules. Therefore, throughout the process, the Board has taken the utmost care to ensure independence and fairness for minority shareholders. An Independent Appraisal Report has been commissioned from Northington Partners and is enclosed with this letter and we urge you to read it.

The Independent Appraisal Report concludes:

Taking all of the key elements of the Proposed Transaction into account, we conclude that the terms and conditions are fair to Metlifecare Minority Shareholders. The merger of the Vision and PLC businesses into Metlifecare:

- **Will take place at appropriate relative values for each of the Merging Entities;**
- **Provides the existing Metlifecare shareholders with a level of protection against the Merged Entity performing poorly via the structure governing the issue of the Conditional Vision Shares; and**
- **Provides the Metlifecare Minority Shareholders with potential share price upside (especially in the medium term) at an acceptable level of risk.**

The Independent Directors have determined, through an extensive and careful review process, that this merger offers attractive benefits to shareholders and to the Company; that the consideration being offered is fair for the Company's minority shareholders; and that the medium to long term liquidity of Metlifecare shares will improve, which is in the best interests of minority shareholders. Following the merger, the Company may also meet the requirements to be included in the NZX50 Index, which will further enhance trading activity.

With the expected increase in cashflow, it is the Board's intention that an annual dividend programme will be implemented.

If shareholder approval is not received and the conditions are not met, then the merger, as it is currently formulated, will not go ahead.

On one hand, not going ahead means that the Company will continue on its current path. We, as the Independent Directors, are satisfied that this is a low risk approach, but without the development opportunities and development expertise that the merger affords Metlifecare, the Company's development will inevitably be slower.

There are two other implications of not proceeding which we feel bound to point out as a matter of fact:

1. The owners of Vision and PLC have already indicated that they are looking to sell down their ownership in these companies and it is likely that the businesses would be sold to Metlifecare's competitors.
2. RVG could seek to sell down some of its shareholding in the near future, which could suppress the market price for Metlifecare shares.

The Independent Directors believe that the merger rationale is very compelling for the Company and for Metlifecare shareholders. The transaction will be an important step for Metlifecare and will ensure that the Company competes even more successfully in the New Zealand retirement village sector. We encourage you to support this merger by voting in favour of the transaction.

We recommend you carefully read the appraisal report, and look forward to receiving your proxy or seeing you at the Special Meeting at 11am on 21 June 2012 in the Guineas 3 Room, Third Floor Ellerslie Stand, Ellerslie Convention Centre in Auckland.

Yours sincerely

Brent Harman	John Loughlin
Independent Director	Independent Director