



Metlifecare

METLIFECARE
RETAIL BOND
PRESENTATION
6 September 2019



Deutsche**CRAIGS**

 **FORSYTH BARR**

 **JARDEN**



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Presented by:

Glen Sowry - Chief Executive Officer

Richard Thomson - Chief Financial Officer

Andrew Peskett - General Counsel

OFFER HIGHLIGHTS

Issuer	Metlifecare Limited
Description of the Bonds	Secured unsubordinated fixed rate bonds (Bonds)
Guarantee and Security	Metlifecare Holdings Limited, Metlifecare Pohutukawa Landing Limited, Metlifecare Orion Point Limited and Metlifecare Botany Limited are guarantors (each “a Guarantor”). The Bond security is equal ranking with Metlifecare’s banks
Volume	Up to \$75 million (with oversubscriptions of up to an additional \$25 million at Metlifecare’s discretion)
Maturity	30 September 2026 – 7 year bond
Quotation	The Bonds are expected to be quoted on the NZX Debt Market on 1 October 2019
Purpose	The proceeds of the offer are expected to be used to repay a portion of Metlifecare’s existing bank debt, to provide diversity of funding and tenor
Joint Lead Managers	Deutsche Craigs, Forsyth Barr, Jarden and Westpac



INTRODUCING METLIFECARE

Established in 1984 and listed on the NZX in 1994, Metlifecare has a proven track record of successfully owning and managing retirement villages in New Zealand

Metlifecare has villages throughout New Zealand with many providing a full continuum of care from independent villas and apartments through to serviced apartments, rest homes and hospitals

Proven Track Record

- **35** year track record of operating and developing retirement villages
- **2nd** largest operator in New Zealand
- **25** villages
- **5,600+** residents
- **97%** village occupancy
- **96%** care occupancy

Strong Financial Position

- **\$3.5bn** Total Assets
- **\$1.5bn** Total Equity
- **\$0.3bn** Interest Bearing Liabilities
- **15%** Loan-to-Valuation Ratio
- **\$1.2bn** Embedded Value*

**Embedded Value is a non-GAAP financial measure and is explained further on slide 33*

Sound Strategic Direction

- **1,327** land bank of units and beds
- **4** new development sites
- **EXPERIENCED** board and management team

METLIFECARE VALUE PROPOSITION

- **Quality village portfolio**

Located in strong economies, high median house prices and supportive demographics

High demand and occupancy

- **High-value assets**

Reliable current and future Deferred Management Fee (DMF) earnings and resale margins

High embedded values

- **Operational excellence**

Quality teams delivering exceptional experiences and care

Flexible, resident-led approach

- **Expansion programme**

New village development – five-year pipeline in place

Value-accretive village regeneration and intensification

Accelerated premium care home developments

- **Strong balance sheet**



Residents at The Avenues

METLIFECARE'S SUSTAINABILITY JOURNEY

- **Metlifecare is formalising an approach to environmental, social and governance (ESG) matters**
 - Metlifecare is committed to creating a better future for residents, families, staff, shareholders and the community we serve
 - Engaged Thinkstep – sustainable business consultants and software
 - Identified sustainability goals and initiatives and created an ESG materiality matrix
- **Highlights to date:**
 - **Environmental:** trialling electric pool cars, communal gardens, recycling, 'Homestar 6 star' rated buildings, energy efficient options (lighting, glazing and insulation)
 - **Social:** workplace wellness, village and care home design to promote sociability, local community projects
 - **Governance:** Compliance with NZX Corporate Governance Code, engaged Board and Committees, sound practices on such matters as diversity and Board skills matrix



Metlifecare is committed to 'succeeding sustainably'; creating a better future for our staff, residents and their families

Kapiti Village residents create native tree walk



PORTFOLIO

Botany Village
Resource Consent Image

METLIFECARE'S PORTFOLIO



Oakridge Villas

Greenwich Gardens
Hibiscus Coast
The Orchards
The Poynton
Gulf Rise (new)
Orion Point (new)

The Avenues
Bayswater
Greenwood Park
Papamoa Beach
Somervale

Crestwood
Dannemora Gardens
Hillsborough Heights
Highlands
Longford Park
Edgewater Village
(formerly Pakuranga Village)
Powley
Pinesong
7 St Vincent
Waitakere Gardens
Botany (new)
Beachlands (new)
Forest Lake Gardens

Palmerston North (JV)

Kapiti Village
Coastal Villas

Current Portfolio

25
VILLAGES

3,984
ILUs and ILAs

494
CARE
APARTMENTS

440
CARE BEDS and
CARE SUITES

Pipeline

1,327*
LAND BANK OF UNITS,
CARE APARTMENTS
AND CARE BEDS

4
NEW
DEVELOPMENT
SITES

*Excluding Albany, subject to a pending conditional sale agreement

GULF RISE

35 villas (Stage 1) complete
20 apartments (Stage 1) completing in 1HFY20



PAPAMOA BEACH

29 villas (Stage 6) + 40 care beds +
upgraded common facilities added.
Village now complete



GREENWICH GARDENS

48 apartments (Stage 9) complete
48 apartments (Stage 10) completing in 1HFY20



CRESTWOOD

13 villas completing in 1HFY20



Metlifecare intends to leverage the strength of its portfolio and operating model to create future value, with particular focus on the following areas:

GROWTH

Our accelerated development programme in high growth, strong yield locations:

- A land acquisition strategy with clear investment parameters, targeting optimal locations and opportunities
- A robust and scalable development strategy matched by strong development capabilities
- Optimised supply chain management and construction delivery

COMMERCIAL INTENSITY

We intend to capture maximum value from our existing portfolio through:

- Superior sales capability and market knowledge
- Strong demand
- A fit-for-purpose village regeneration programme

CUSTOMER EXPERIENCE

Our diverse and unique villages are underpinned by a high level of care and service through:

- Villages designed to integrate with their local communities and enhance our residents' experiences
- Highly engaged and qualified employees
- Understanding and meeting the needs of existing and future residents
- Enhanced food and dining experiences

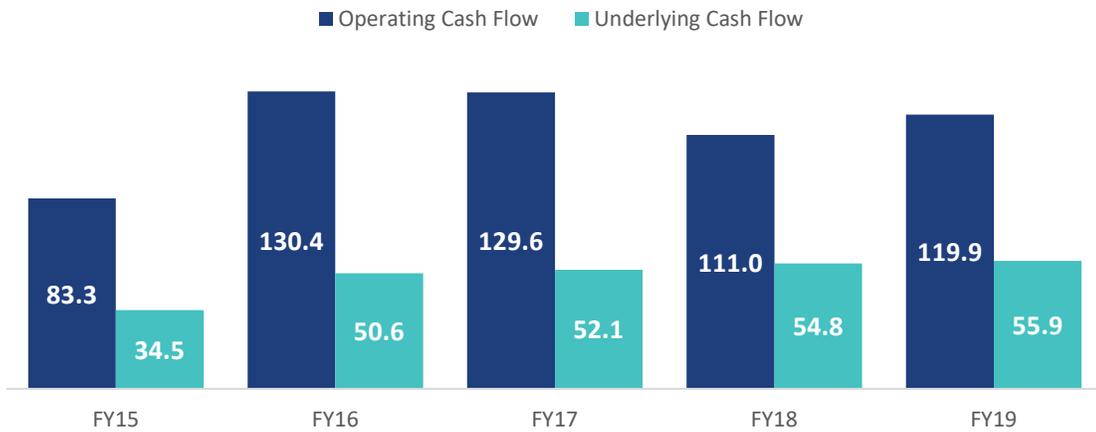
FINANCIAL PERFORMANCE



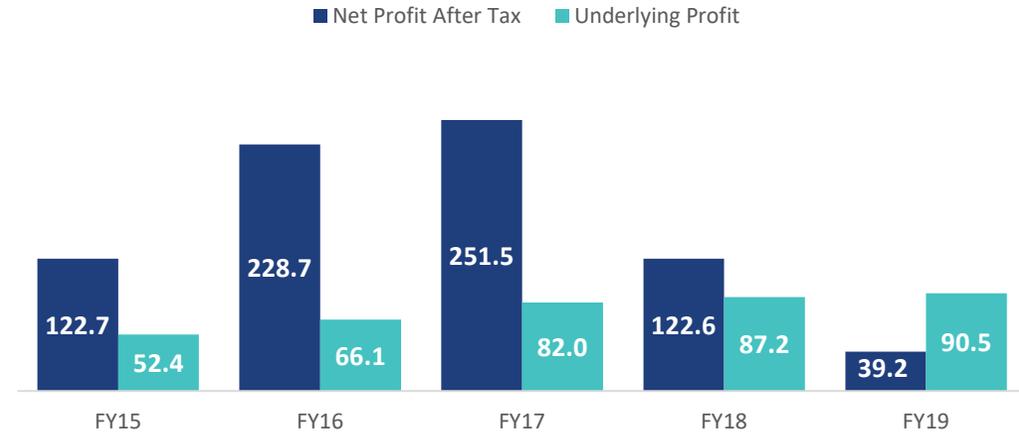
Gulf Rise villa interior

FINANCIAL PERFORMANCE OVERVIEW

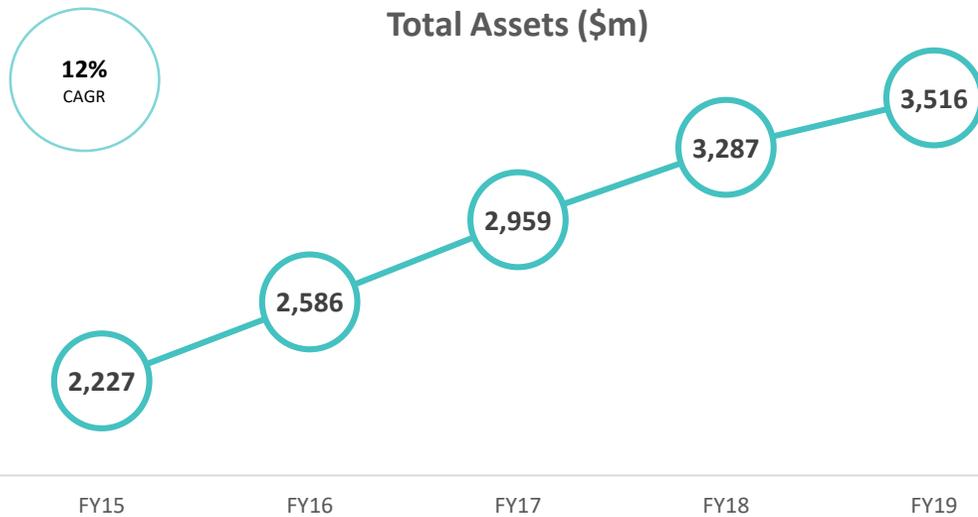
Reported Operating Cash Flow vs Underlying Operating Cash Flow* (\$m)



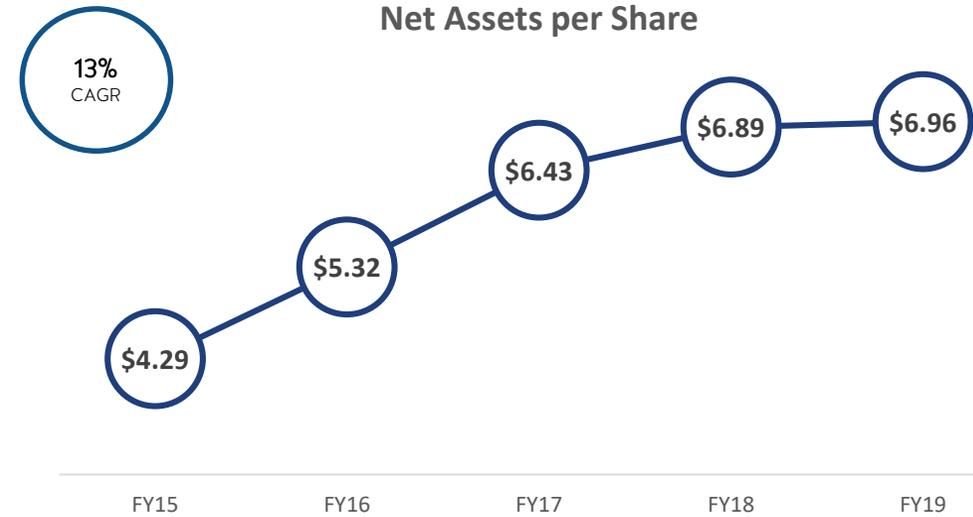
Reported Net Profit vs Underlying Profit* (\$m)



Total Assets (\$m)



Net Assets per Share



* Refer to Appendices (slide 33) for definitions of Underlying Operating Cash Flow, Underlying Profit and other non-GAAP measures

FINANCIAL HIGHLIGHTS FY19

UNDERLYING PROFIT

- Underlying profit up 4% in FY19 due to good resale gains and development margins
- Average resale prices achieved in FY19 were higher than FY18 reflecting on-going strength of Independent Living Unit (ILU) and Serviced Apartment (SA) settlements

ASSET VALUE HAS RISEN

- Total Assets of \$3.5bn up 7% on FY18
- The total value of investment properties increased by \$241m to \$3.4bn; up 8% on FY18
- Total Equity of \$1.5bn

CONSISTENT OPERATING CASH FLOWS

- FY19 saw good underlying operating cash flows and significant uplift in realised resale gain

ROBUST BALANCE SHEET AND LOW GEARING

- Metlifecare is committed to maintaining a strong financial position

DEVELOPMENT MARGIN

- In FY19 development margins remained strong at 21%
- Metlifecare Group started the financial year with 177 newly completed development stock units; 116 were sold during the year and another 112 built

5-YEAR SUMMARY OF KEY FINANCIAL METRICS

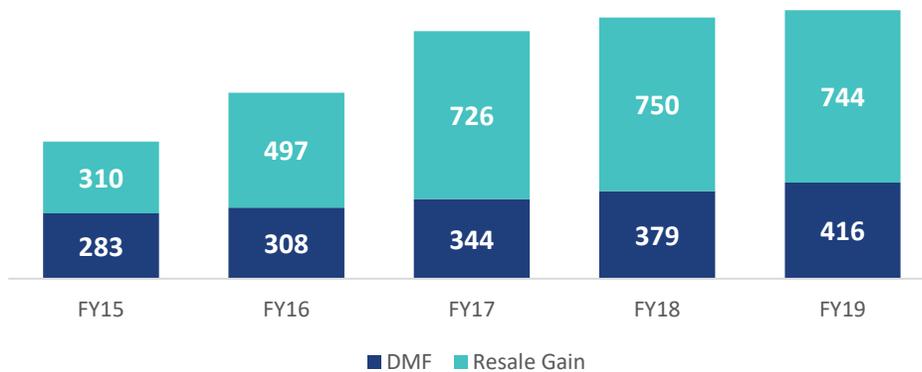
	FY19	FY18	FY17	FY16	FY15
Resales Volume (excl. Palmerston North JV)	354	343	321	401*	367*
Development Sales Volume	116	98	130	138	82
Total Sales Volume	470	441	451	539	449
New Units Completed	112	185	187	73	133
New Care Beds Completed	70	69	48	35	-
Total Development	182	254	235	108	133
Total Revenue (\$m)	131.0	114.9	109.0	106.0	101.5
Net Profit After Tax (\$m)	39.2	122.6	251.5	228.7	122.7
Operating Cash Flow (\$m)	119.9	111.0	129.6	130.4	83.3
Underlying Operating Cash Flow (\$m)	55.9	54.8	52.1	50.6	34.5
Underlying Profit (\$m)	90.5	87.2	82.0	66.1	52.4
Total Assets (\$m)	3,515.7	3,286.6	2,958.6	2,586.4	2,227.4
Total Equity (\$m)	1,485.0	1,468.1	1,370.1	1,133.0	911.4
Net Assets per share (\$)	6.96	6.89	6.43	5.32	4.29
Dividends (cps)	11.0	10.0	8.05	5.75	4.50
Gearing (Loan-to-Valuation Ratio)	15%	9%	5%	7%	6%

*Excludes units at Wairarapa Village

STRONG EMBEDDED VALUE AND LOW GEARING

- High resale and development margins with strong growth in embedded value
- Located in strong economies, high median house prices and supportive demographics

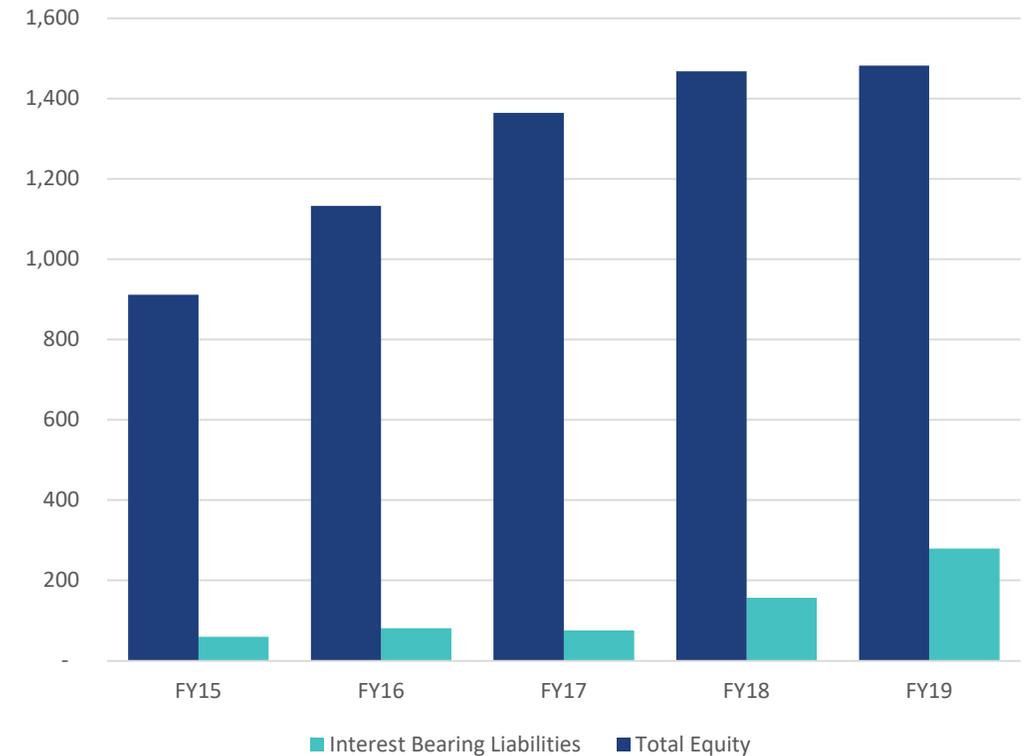
Embedded Value* (\$m)



*Embedded Value is a non-GAAP financial measure and is explained further on slide 33

- Total Equity has grown with gearing at low levels

Total Equity and Interest Bearing Liabilities (\$m)



FUNDING AND SECURITY STRUCTURE



Puriri Building at
Greenwich Gardens

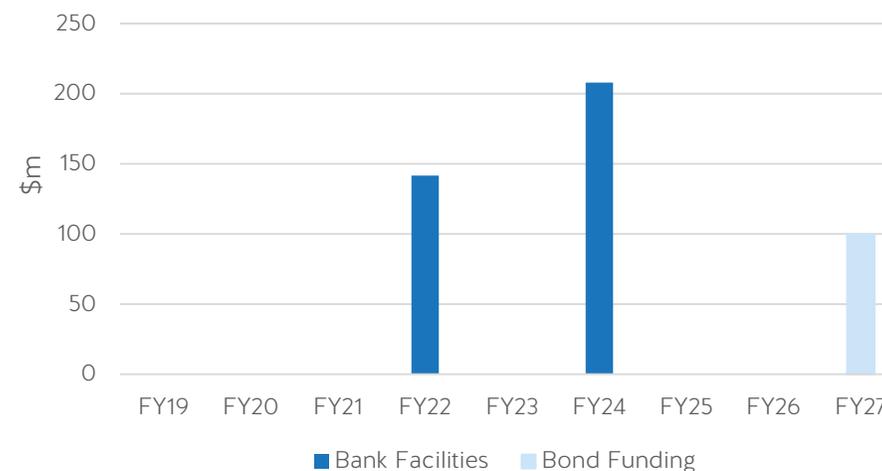
PURPOSE OF DEBT AND CAPITAL MANAGEMENT

Debt is primarily used to develop Metlifecare villages and then repaid using proceeds from the first time sale of newly developed units

- The proposed Bond issue will provide:
 - diversification of funding sources
 - an increase in Metlifecare's debt maturity profile to 4.1 years*; current weighted average debt maturity equals 2.9 years
- The proceeds of the Bond issue will be used to repay existing bank debt
- Metlifecare enjoys strong banking relationships with its lenders with a \$450m bank facility limit available

* Assuming a 7 year \$100m Bond issuance and corresponding reduction in bank debt facility

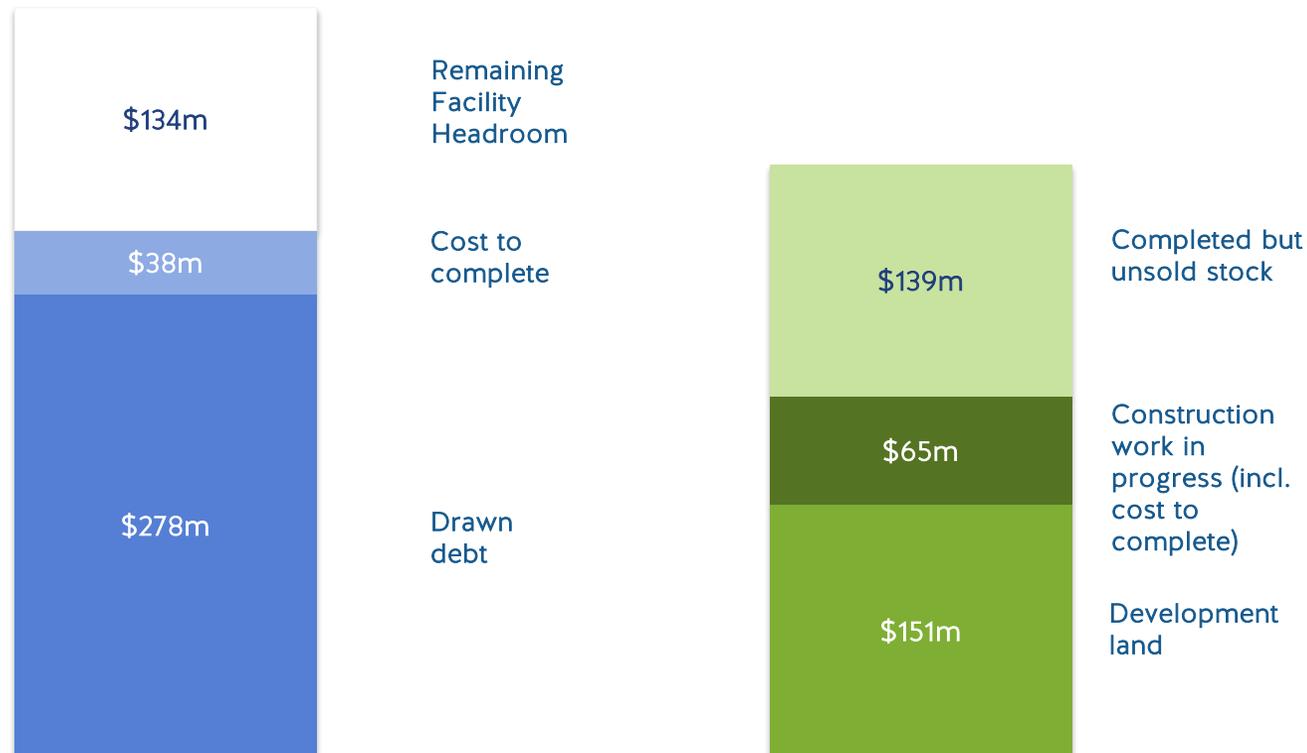
Debt Maturity Profile (post Bond issuance) *



	As at 30 June 2019
Drawn Debt (\$m)	278
Facilities' Limit (\$m)	450
Facilities' Headroom (\$m)	172
Facilities' Banks	ANZ, BNZ, ASB and Westpac
Weighted Average Cost of Debt	3.3%

BORROWING WELL SUPPORTED BY DEVELOPMENT STOCK VALUE

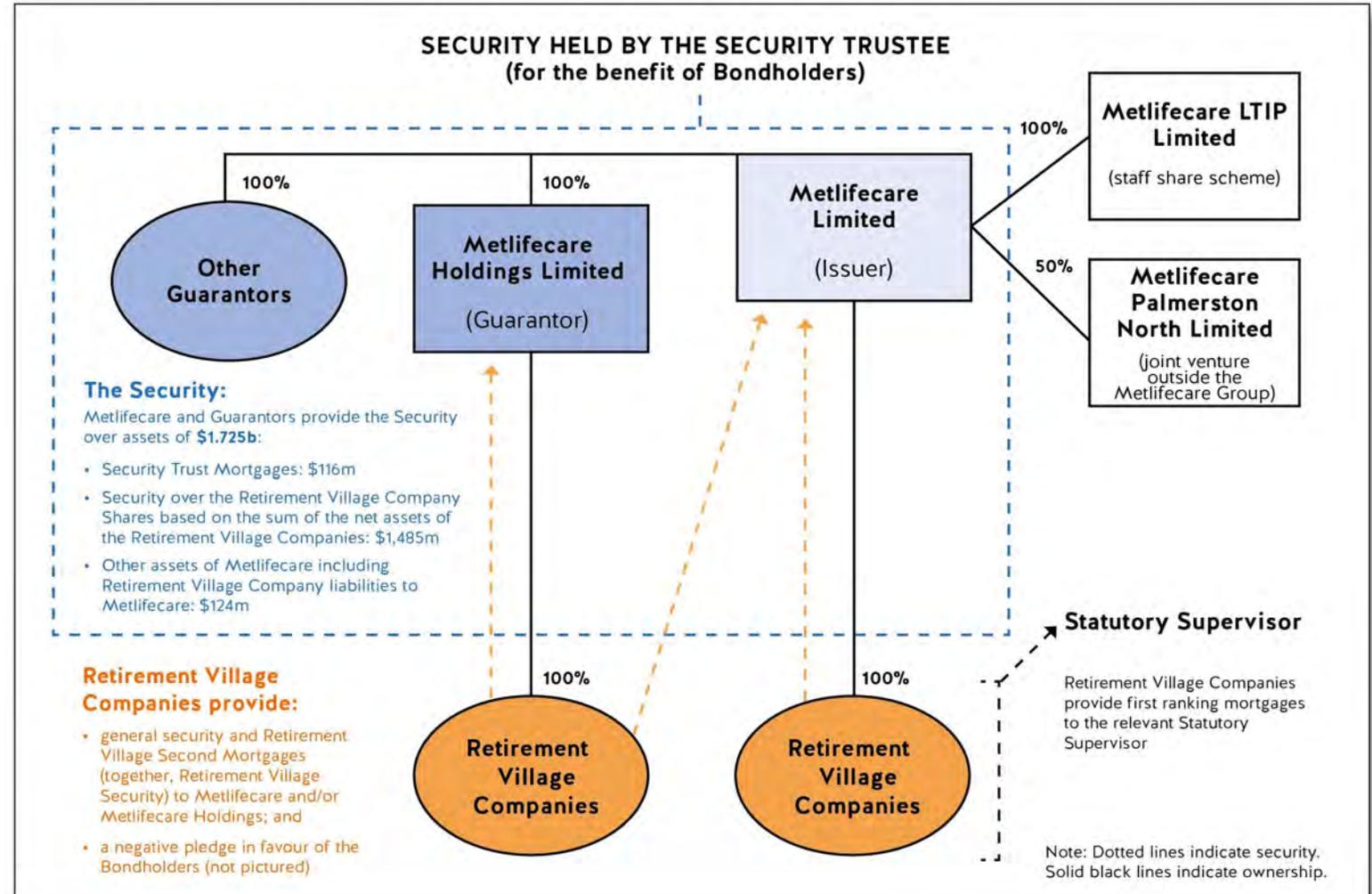
Debt + Cost to Complete to Development Asset Values June 2019



- As at 30 June 2019, Metlifecare had \$172m of facility headroom to allow for the continued development of the company's land bank
- Metlifecare Group would have no core debt if it were to complete developments currently under construction, cease any new development and sell completed stock and undeveloped land

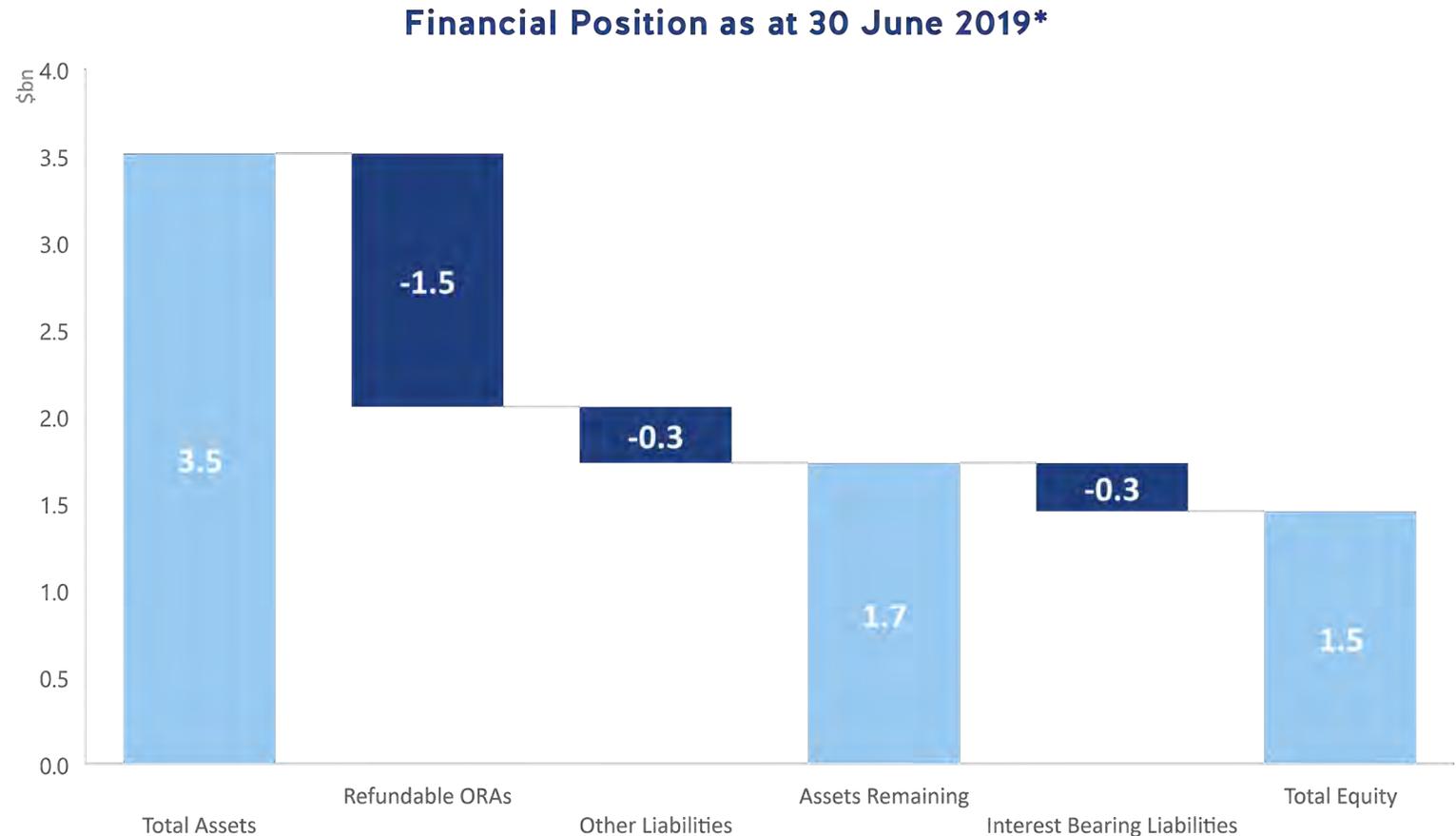
SECURITY STRUCTURE

- Metlifecare owns the companies within the Metlifecare Group and is the issuer of the Bonds
- Metlifecare and/or Metlifecare Holdings Limited own each Retirement Village Company
- Metlifecare and Metlifecare Holdings Limited provide general security over all their assets in favour of the Security Trustee



ASSETS OF \$1.7BN AVAILABLE AS SECURITY AS AT 30 JUNE 2019

- Metlifecare's Total Equity position largely reflects CBRE's valuation of the existing asset portfolio
- Total Assets equal Total Equity plus:
 - ORA liabilities payable back to existing residents
 - Other liabilities including deferred tax liabilities, deferred management fees not yet recognised as income and unsecured creditors
 - Interest Bearing Liabilities
- New Zealand Permanent Trustees is the Security Trustee and Public Trust is the Bond Supervisor for the Bonds
- ANZ is the Facility Agent for the banks



* Figures may not add due to rounding

The Bonds share the Security provided by Metlifecare and the Guarantors on an equal ranking basis with Metlifecare's bank lenders as per the Security Trust Deed

- Liabilities that rank in priority to the Bonds include liabilities secured by Statutory Supervisor's First Mortgages (including amounts owing to retirement village residents) and liabilities preferred by law (e.g. Inland Revenue)
- Liabilities that rank equally with the Bonds include other unsubordinated liabilities that have the benefit of the Security, including Metlifecare's bank debt
- In the event of financial difficulties, Metlifecare can:
 - Slow development
 - Rely on core earnings
 - Sell undeveloped land
 - Sell villages as going concerns

COVENANTS

Metlifecare maintains a conservative approach with significant headroom on the Loan-to-Valuation (LVR) covenant

Key terms of the Bond LVR

- LVR must not exceed 50%
- If there is a breach of the LVR

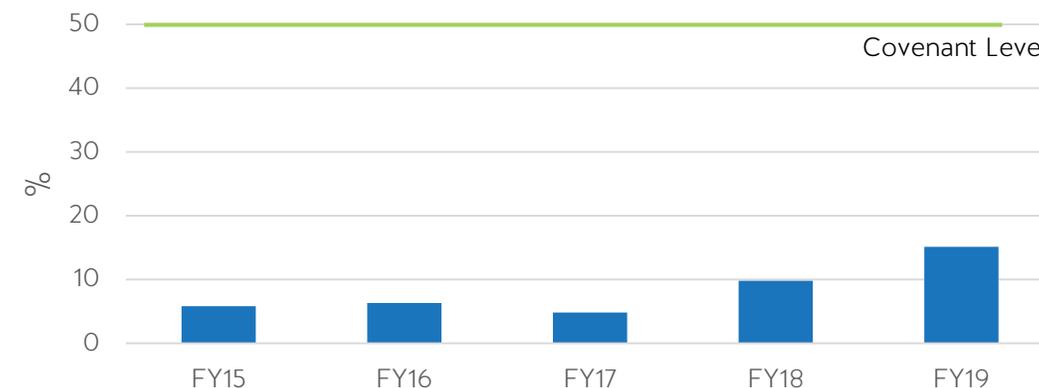
Metlifecare must, within 6 months of the date of a semi-annual compliance report being delivered setting out that breach, remedy the breach or (if not remedied within 6 months) give notice to the Bond Supervisor within 20 business days after such date of its plan to remedy the breach (by selling assets, effecting a capital restructuring and/or other action); and

if the breach is not remedied within 6 months of the date of that notice, an Event of Default will occur

Certain terms in the Bank Facility Agreement limit the ability of the Metlifecare Group to borrow money. The key terms currently include

- a maximum LVR of 50%
- a minimum interest cover ratio (broadly, the ratio of cash flow available for debt servicing but excluding cash flows associated with the current remediation programme to interest costs on its core facility in respect of the previous 12 months) of 1.75:1
- a minimum forecast interest cover ratio (broadly, the ratio of forecast cash flow available for debt servicing but excluding cash flows associated with the current remediation programme to forecast total interest costs in respect of the next 12 months) of 1.50:1

LOAN-TO-VALUATION (LVR) RATIO



	30 June 2019
LVR (covenant 50%)	15.1%
Interest Cover (covenant 1.75x)	5.9x
Forecast Interest Cover (covenant 1.5x)	3.8x

- Bondholders benefit from cross default provisions

OFFER TERMS AND TIMETABLE



KEY TERMS OF THE OFFER

Issuer	Metlifecare Limited
Description of the Bonds	Secured unsubordinated fixed rate bonds
Guarantee and Security	Metlifecare Holdings Limited, Metlifecare Pohutukawa Landing Limited, Metlifecare Orion Point Limited and Metlifecare Botany Limited are guarantors under a General Security Deed. The Bond security is equal ranking with Metlifecare's banks
Term	7 years, maturing Wednesday, 30 September 2026
Offer Amount	Up to \$75,000,000 (with the ability to accept oversubscriptions of up to an additional \$25,000,000 at Metlifecare's discretion)
Interest Rate	The Interest Rate will be determined by Metlifecare in conjunction with the Joint Lead Managers following a bookbuild. It will be announced via NZX on the Rate Set Date The Interest Rate will be equal to the sum of the Swap Rate on the Rate Set Date and the Issue Margin, but in any case will be no less than the minimum Interest Rate announced by Metlifecare via NZX on 16 September 2019
Interest Payments	Quarterly in arrear in equal payments on 30 March, 30 June, 30 September, and 30 December each year (or if that date is not a Business Day, the next Business Day) with the First Interest Payment Date being 30 December 2019
Purpose	The proceeds of the offer are expected to be used to repay a portion of Metlifecare's existing bank debt, to provide diversity of funding and tenor
Financial Covenant (Loan-to-Valuation Ratio)	Metlifecare agrees to ensure that the total principal amount of all indebtedness secured under the Security Trust Deed is not more than 50% of the total valuation of the Retirement Village and Care Home Portfolio*
Distribution Stopper	Metlifecare is not permitted to make any distribution if an Event of Default is continuing or if it would result in an Event of Default
Minimum Application Amount	\$5,000 and multiples of \$1,000 thereafter
Brokerage	0.50% brokerage plus 0.50% on firm allocations paid by Metlifecare
Quotation	It is expected that the Bonds will be quoted on the NZX Debt Market under the ticker code MET010
Credit Rating	Metlifecare and the Bonds are not rated

Further details of the offer are contained in the PDS dated 6 September 2019

* Tested 30 June and 31 December in each year

KEY DATES OF THE OFFER

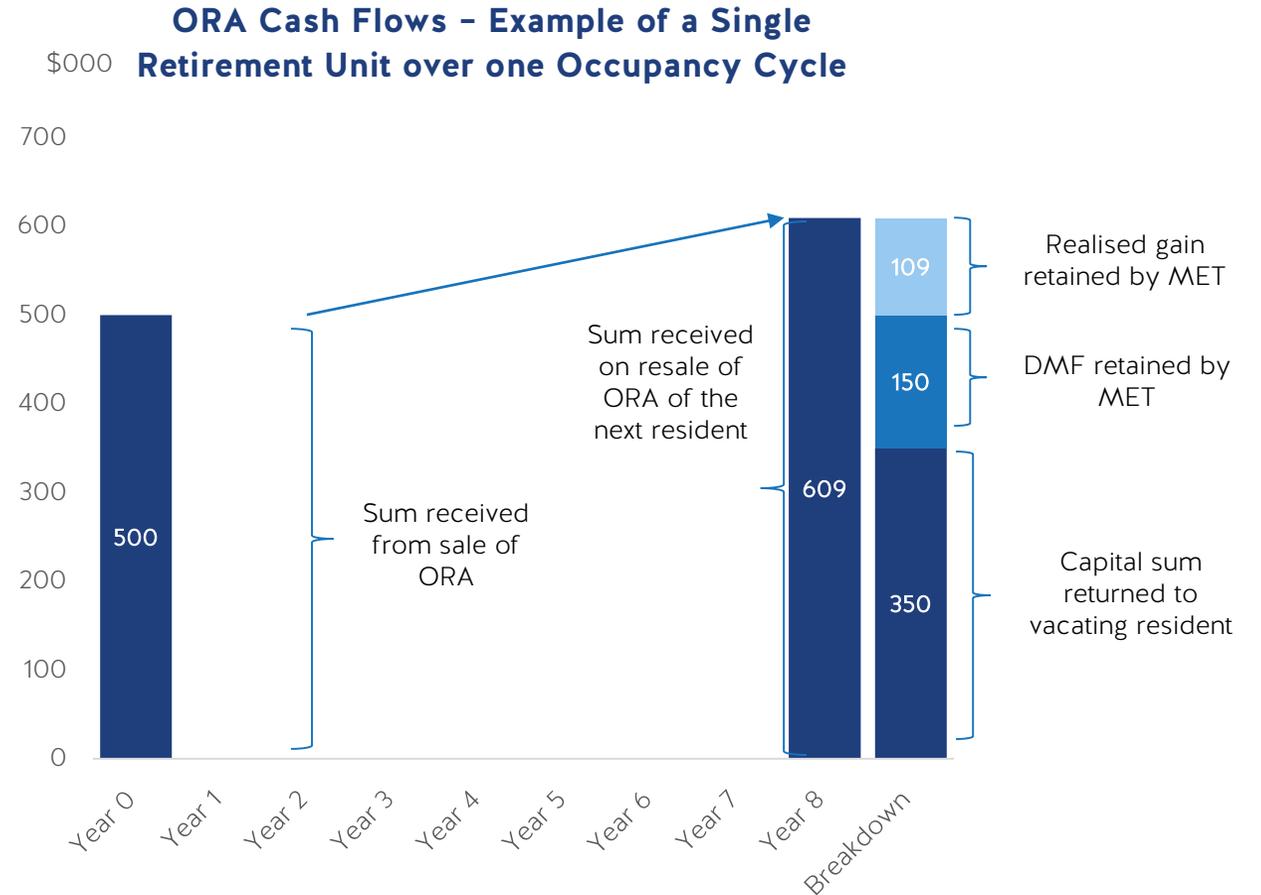
Event	Date
PDS Lodgement	Friday, 6 September 2019
Determination of Minimum Interest Rate and Indicative Issue Margin	Monday, 16 September 2019
Offer Opens	Monday, 16 September 2019
Offer Closes / Firm Bids Due	Midday, Friday, 20 September 2019
Rate Set Date	Friday, 20 September 2019
Issue Date and Allotment Date	Monday, 30 September 2019
Expected Date of Initial Quotation on the NZX Debt Market	Tuesday, 1 October 2019
Maturity Date	Wednesday, 30 September 2026

APPENDICES



HOW AN OCCUPATION RIGHT AGREEMENT (ORA) WORKS

- Residents moving into a Metlifecare retirement village enter into an ORA
- An ORA grants the resident the right to occupy a retirement unit in exchange for a lump sum payment to the operator on moving in. This is shown as a Refundable Occupation Right Agreement on the Balance Sheet
- Legal ownership of the retirement unit remains with Metlifecare
- DMF is accrued over a resident's occupancy of the unit and released on the resale of their ORA. For Metlifecare this is typically 30% of the ORA price
- When Metlifecare sells an ORA on a retirement unit, the lump sum payment from the previous resident, less the DMF, is repaid to the previous resident using proceeds from the incoming resident



PORTFOLIO SUMMARY

Villages at 30 June 2019	ILU	Care Apartments	Total	Care Beds	Care Suites	Total	Future homes	Future Care Beds	Total	Overall Total
Crestwood	121	14	135	41		41	13		13	189
Dannemora Gardens	201		201			-			-	201
The Orchards	96		96	36		36			-	132
Hibiscus Coast Village	221	48	269			-			-	269
Hillsborough Heights	176	42	218			-			-	218
Highlands	129	70	199	41		41			-	240
Longford Park Village	144	49	193			-			-	193
Edgewater Village	62	13	75			-	46	24	70	145
Pinesong	361	27	388	9		9			-	397
Powley	46	34	80	45		45			-	125
The Poynton	242	15	257		5	5			-	262
7 Saint Vincent	81	12	93		2	2			-	95
Greenwich Gardens	225	16	241	48		48	100		100	389
Waitakere Gardens	324		324			-			-	324
Gulf Rise	35		35			-	199	43	242	277
Orion Point			-			-	247	40	287	287
Botany			-			-	215	40	255	255
Beachlands			-			-	195	36	231	231
Auckland Total	2,464	340	2,804	220	7	227	1,015	183	1,198	4,229
The Avenues	90		90	30		30			-	120
Bayswater	215	17	232		6	6			-	238
Greenwood Park	229	11	240			-			-	240
Papamoa Beach Village	168		168	40		40			-	208
Somervale	83	27	110	69		69	12		12	191
Bay of Plenty Total	785	55	840	139	6	145	12	-	12	997
Coastal Villas	160	49	209	30		30			-	239
Kapiti Village	225		225			-			-	225
Palmerston North Village	49	50	99	38		38	39		39	176
Oakridge Villas	103		103			-	38	40	78	181
Forest Lake Gardens	198		198			-			-	198
Other Total	735	99	834	68	-	68	77	40	117	1,019
Total	3,984	494	4,478	427	13	440	1,104	223	1,327	6,245

BOARD OF DIRECTORS



KIM ELLIS
CHAIR, INDEPENDENT
DIRECTOR

Experienced director and former Chief Executive Officer, including Managing Director of Waste Management NZ Ltd for 13 years.

Kim chairs the Metlifecare Board and the Nominations & Corporate Governance Committee, and is a member of the Audit & Risk, Development and People & Remuneration Committees.



CHRISTOPHER AIKEN
INDEPENDENT
DIRECTOR

Has 26 years' experience in the property sector, and is currently Chief Executive Officer of HLC, which is running the development of approximately 50,000 homes under master plan across New Zealand.

Chris chairs Metlifecare's Development Committee and is a member of the Nominations & Corporate Governance Committee.



MARK BINNS
INDEPENDENT
DIRECTOR

Professional director and former Chief Executive Officer who brings substantial experience in construction, property development and asset management to the Board. Until 2017 Mark was Chief Executive Officer of Meridian Energy.

Mark is a member of the Nominations & Corporate Governance and Development Committees, and chairs the People & Remuneration Committee.



ALISTAIR RYAN
INDEPENDENT
DIRECTOR

Experienced director with wide corporate and financial experience in listed companies and his background includes a 16-year career at SKYCITY Entertainment Group.

Alistair chairs Metlifecare's Audit & Risk Committee and is a member of the Nominations & Corporate Governance and People & Remuneration Committees.



ROD SNODGRASS
INDEPENDENT
DIRECTOR

Broad experience in corporate strategy, business and product innovation, digital growth, transformation and disruption in the New Zealand energy, communications and media sectors. He has previously held senior executive roles at Vector and Spark.

Rod is a member of the Resident Experience & Care, Development and Nominations & Corporate Governance Committees.



CAROLYN STEELE
NON-INDEPENDENT
DIRECTOR

Substantial experience in capital markets, mergers and acquisitions and investment management. Until 2016 Carolyn was a Portfolio Manager at Guardians of New Zealand Superannuation. Prior to joining the Guardians in 2010 Carolyn spent more than ten years in investment banking.

Carolyn chairs the Resident Experience & Care Committee and is a member of the Audit & Risk and Nominations & Corporate Governance Committees.



**DR. NOELINE
WHITEHEAD**
NON-INDEPENDENT
DIRECTOR

Experienced senior nurse and senior manager with more than 30 years in residential aged care.

Noeline is a member of the Resident Experience & Care, Development and Nominations & Corporate Governance Committees.

MANAGEMENT TEAM



GLEN SOWRY

CHIEF EXECUTIVE OFFICER

Prior to his appointment in 2016, Glen was Chief Executive Officer of Housing New Zealand with 67,000 properties across the country.

Glen has held a number of senior roles at Air New Zealand, Television New Zealand and Telecom. He spent ten years at Air New Zealand, including overseeing a major financial and competitive turnaround of the Tasman network.



RICHARD THOMSON

CHIEF FINANCIAL OFFICER

Richard joined the Metlifecare team in September 2017 from Air New Zealand where he was Group General Manager Commercial.

Richard has also brought corporate finance skills and investment banking experience from previous roles at PwC and Ord Minnett.



ANDREW PESKETT

GENERAL COUNSEL & COMPANY SECRETARY

Andrew brings 24 years' legal experience to Metlifecare, having worked in leading law firms in London and was in-house Legal Counsel at Beca, prior to joining the company in 2007.

Andrew heads the legal and settlements teams.



TANYA BISH

CLINICAL NURSE DIRECTOR

Tanya joined the Metlifecare team as Clinical Nurse Director in 2015 after eight years at Waitemata District Health Board. She is a Registered Nurse with over 20 years' experience working in teams caring for and supporting older adults.

Tanya and her team are responsible for all aspects of resident care and the customer experience provided in our care homes.



RICHARD CALLANDER

GENERAL MANAGER OPERATIONS

Richard was appointed General Manager Operations in January 2015 after 16 years with SKYCITY Entertainment Group both in Australia and in New Zealand, where he was most recently the General Manager of its Queenstown casinos.

Richard has extensive executive experience in customer service management and delivering sustainable growth for shareholders.



JULIE GARLICK

GENERAL MANAGER MARKETING

Julie is an experienced senior marketing executive with a strong track record in reshaping organisations.

She joined Metlifecare in October 2017 after four years as General Manager Marketing at SKYCITY Entertainment Group. Prior to that, she had a similar role at The Warehouse Group.



HUMA HOUGHTON

GENERAL MANAGER HUMAN RESOURCES

Huma joined the Metlifecare Executive team in 2017 from JMW Consultants where she specialised in executive coaching, designing and delivering transformational leadership development programmes.

Huma was previously the Executive General Manager Capability & Organisation Development for Z Energy. She has also worked for large organisations including Deloitte, Vero and Spark.



SANDRA KING

GENERAL MANAGER SALES

Sandra was appointed General Manager Sales in July 2019. Prior to joining she was a business consultant for Prime Strategies, driving business improvement in the SME market.

Sandra has previously held senior executive roles with both NZME and Fairfax as well as the Managing Director role for both Professional PR and Pacific Publications NZ.



CHARLIE ANDERSON

GENERAL MANAGER PROPERTY & DEVELOPMENT

Charlie was appointed in July 2015. He has 24 years' property development and management experience, with a strong track record in managing large scale development projects across all property sectors in New Zealand and Australia.

Charlie has resigned and is leaving Metlifecare on 6 September 2019.

DEFINITIONS

Development Sale(s)	The first time sale of an ORA (new stock)
Resale(s)	The sale of an ORA where a sale has previously been completed
Realised Resale Gain	The difference between the resale and repurchase of occupation right agreements
ORA	Occupation Right Agreement
ILU	Independent Living Unit
ILA	Independent Living Apartment
SA	Care Apartment or Serviced Apartment
pcp	Prior Comparable Period
Unit	Independent Living Units, Independent Living Apartments and Care/Serviced Apartments
DMF	Deferred Management Fees
CPS	Cents Per Share
MOH	Ministry of Health

IMPORTANT NOTICE – NON-GAAP MEASURES

- Underlying operating cash flow removes the cash flows derived from the first time sale of occupation right agreements from statutory operating activities in the financial statements. It is a non-GAAP financial measure and is not prepared in accordance with NZ IFRS. Development sales cash flows are used to repay development debt so underlying operating cash flow excluding development sales is a measure of cash available for distribution. Underlying operating cash flow excludes cash outflows associated with units bought back by the company to enable remediation activities. These cash outflows are of an abnormal and temporary nature and will reverse in subsequent periods. Underlying operating cash flow also excludes cash outflows associated with units bought back by the company to enable brownfield development.
- Underlying profit removes the impact of unrealised fair value movements on investment properties, impairment of property, plant and equipment and excludes one-off gains and losses and taxation. It is a non-GAAP financial measure and is not prepared in accordance with NZ IFRS. This metric, and other non-GAAP metrics, are used to assist readers in assessing the performance of the company. The underlying profit measure is an industry convention involving the application of judgment, particularly in the determination of realised development margin. Accordingly, it is not calculated on a consistent basis between operators. Note 2.3 of the FY19 Financial Statements has additional detail on underlying profit, including a reconciliation to GAAP numbers.
- Realised resale gains are a measure of the cash generated from increases in selling prices of occupation right agreements to incoming residents less cash amounts paid to vacated residents for repayment of refundable occupation right agreements from the pre existing portfolio recognised at the date of settlement. The reported measure allows for amounts payable to the vacated resident at balance date on units that have been resettled in the year. Realised resale gains exclude deferred management fees and refurbishment costs.
- Realised development margin is the margin obtained on the settlement of an occupation right agreement following the development of the unit. The calculation includes construction costs, non-recoverable GST, capitalised interest to the date of completion, land apportionment at cost and infrastructure costs but excludes construction costs associated with offices, common areas and amenities. Margins are calculated based on when a stage is completed. Margins presented are on the basis of the settled units during the period. Note 2.3 of the FY19 Financial Statements has additional detail.
- Embedded value is calculated by taking the sum of the CBRE unit prices of homes across the portfolio, deducting the resident refundable loan liability as per the balance sheet and company-owned stock items. The embedded value is a combination of Resale Gains and Deferred Management Fees receivable. The per unit calculations have been adjusted to exclude the Palmerston North joint venture. Embedded value assists readers to understand the value of accumulated but unrealised capital gains and Deferred Management Fees as at the reported balance date.
- Percentage changes refer to movements to the pcp unless otherwise stated.



THANK YOU



Metlifecare