



Metlifecare FY15 Results Presentation

26 August 2015

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Refer to the definitions section on page 28 of the presentation for additional detail on the non-GAAP financial measures contained within this presentation.



Care giving and care receiving go hand in hand with entertainment at our care home in Pakuranga.

The Orchards – Stage 1 Occupied (right hand side)

Stage 2 nearing completion (far left)

Glenfield

Auckland



1. FY15 Results Highlights

1

FY15 Results: Financial Highlights



	FY15	FY14	Percentage Movement
Net profit after tax (IFRS) (\$m)	122.7	68.8	78.3%
Underlying Profit ¹ (\$m)	52.4	46.0	13.9%
Net operating cash flow (\$m)	83.3	59.5	40.0%

Financial Highlights

- Increase in net profit after tax primarily due to strong unit price growth and value created through village development.
- Net Tangible Assets per share increased to \$4.29, up 14.4%.
- Assets increased by 11.1% to \$2.2b.
- Total Equity \$911.4 million, an increase of 15.1%.
- Earnings per share 57.9 cents, 77.1% up.
- FY15 final dividend declared of 3.0 cents per share payable 1 October 2015 with a record date of 17 September 2015.

¹ Refer to the definitions section on page 28 of the presentation for additional detail on the non-GAAP financial measures contained within this presentation.

THERE'S NO
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1

FY15 Results: Operating Highlights



	FY15	FY14	Percentage Movement
New Sales (units)	87	61	42.6%
Resales (units)	403	397	1.5%
Total new sales and resales (units)	490	458	7.0%
Embedded Value per Unit (\$'000)	155	130	19.3%

Operating Highlights

- Settled 87 new units with development margin of 17.3%.
- Resales occupancy 97% excluding contracted stock and 98% including contracted stock.
- Strong unit price growth and a focus on high priced regions has translated to:
 - Deferred Membership Fee (DMF) per settlement increased from \$55k to \$61k.
 - Realised Resale Gain per settlement increased from \$69k to \$81k.
 - Embedded value per unit increased 19.3% to \$155k which is a positive for future Realised Resale Gains.

Refer to the definitions section on page 28 of the presentation for additional detail on the non-GAAP financial measures contained within this presentation.

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FY15 Results: Development Highlights



	FY15	FY14	Percentage Movement
New Units Completed	133	59	125.4%
Development Pipeline	2,080	1,058	96.6%
Development Pipeline (Units)	1,578	797	98.0%
Development Pipeline (Beds)	502	261	92.3%

Development Highlights

- 125% increase in the delivery of new units.
- 289 units and beds currently under construction.
- Conditional agreement on 5ha of land at Red Beach on the Whangaparaoa Peninsula.
- Conditional agreement on 5.5ha at the Manukau Golf Club, South Auckland.
- Appointed a new General Manager Property & Development and grew the development team by eight.

Refer to the definitions section on page 28 of the presentation for additional detail on the non-GAAP financial measures contained within this presentation.

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The Poynton

Takapuna, Auckland

All stages completed and the Bowling Green is a popular new attraction.



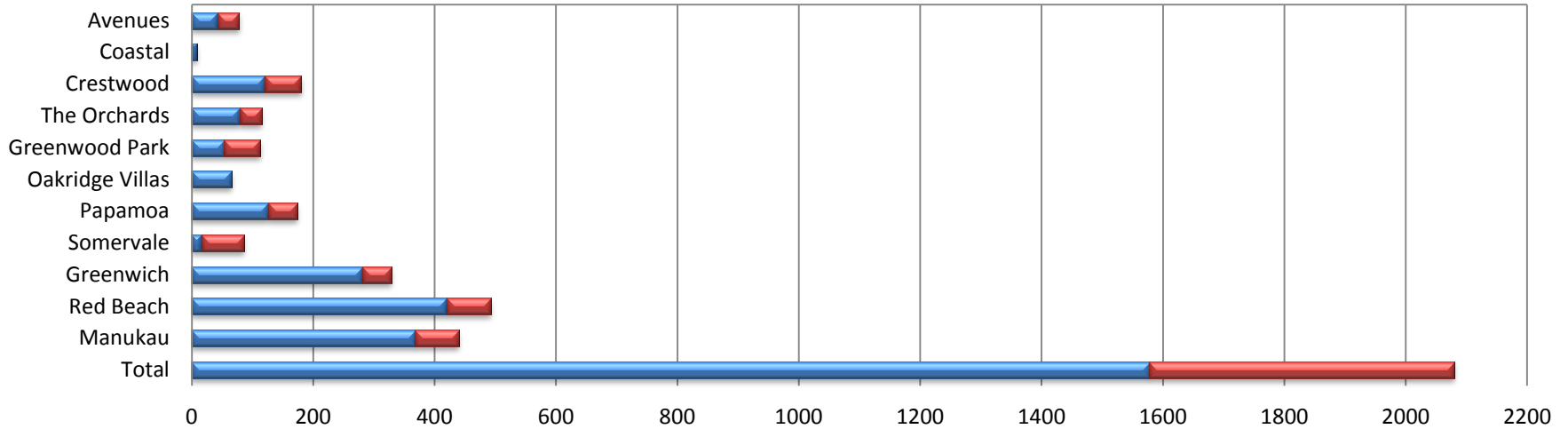
2. Development & Growth

2

Development & Growth



Total Development Pipeline



	Total	Manukau	Red Beach	Greenwich	Somervale	Papamoa	Oakridge Villas	Greenwood Park	The Orchards	Crestwood	Coastal	Avenues
■ Units	1578	368	420	281	16	126	65	53	79	120	8	42
■ Care Beds	502	72	72	48	70	48	0	60	36	60	0	36

- Completed 133 new units during the year.
- Settled 87 new units with average development margin of 17.3%.
- Development pipeline of 2,080 units and beds.
 - 502 care beds represent 24% of the pipeline.
 - 1,578 units represent 76%.

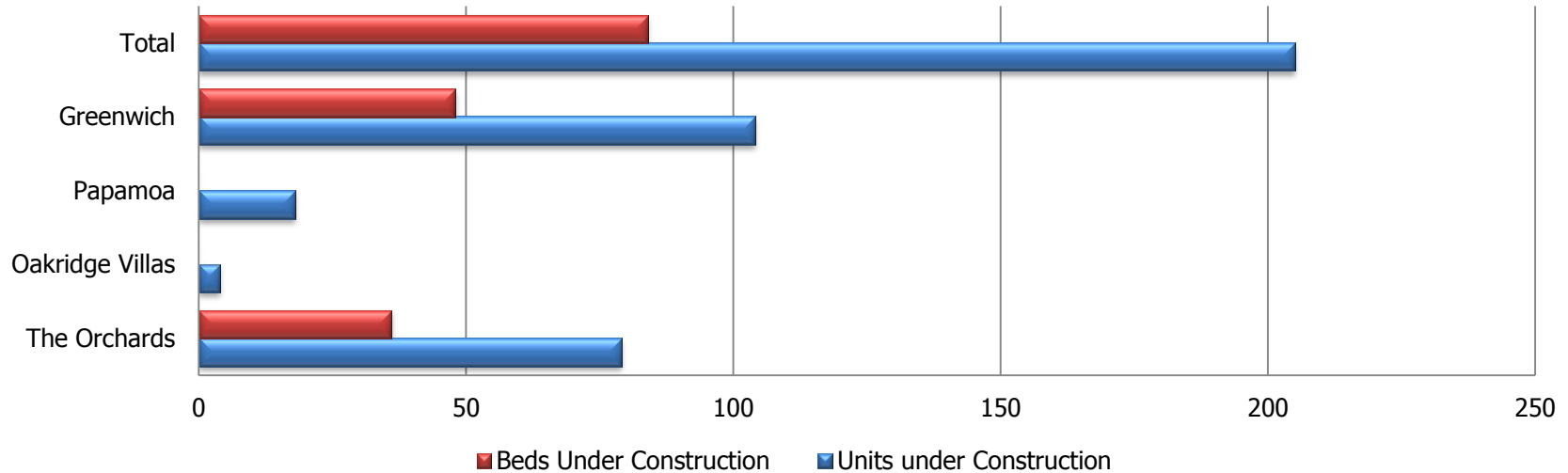
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2

Development & Growth



UNITS & BEDS UNDER CONSTRUCTION

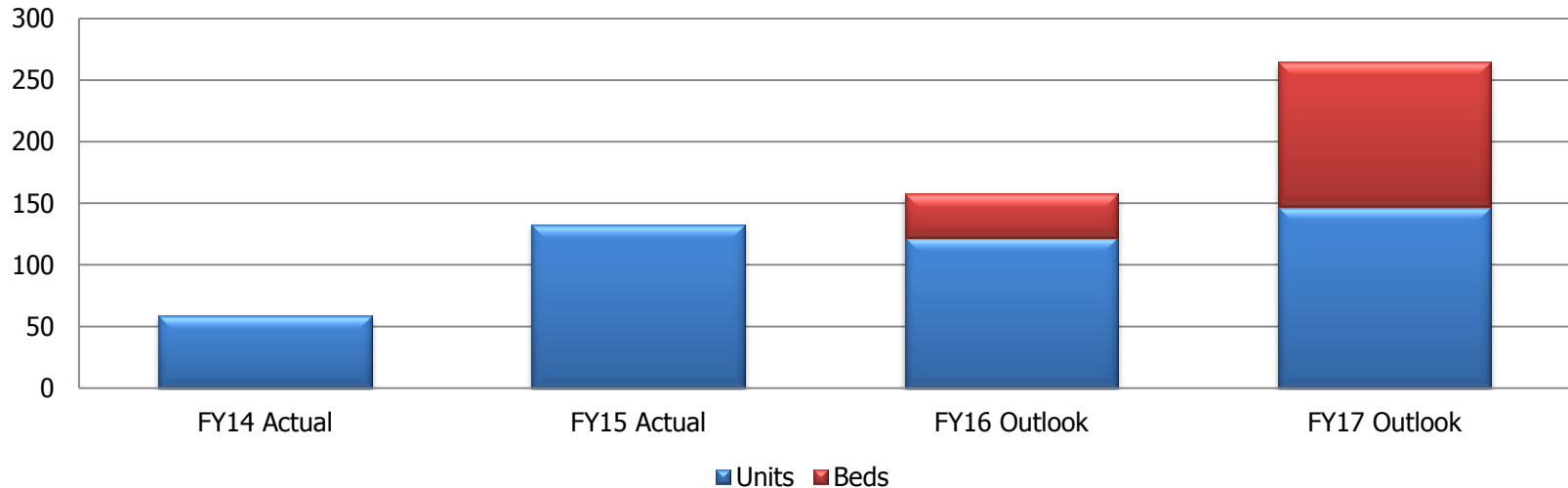


- Total of 205 Units and 84 Care Beds under construction.
- Circa 130 units available for sale through FY16 including units due for completion in the first half of FY16.
- First 55 units at Greenwich Gardens available June FY16.
- The Orchards, 79 units under construction with 37 ready in Q1 16 and 42 Q1 17.
- Infrastructure and 18 villas underway at Papamoa Beach Village.
- Seeking to get construction underway at Somervale for delivery FY17 (70 care beds and 16 apartments).

Refer to the definitions section on page 28 of the presentation for additional detail on the non-GAAP financial measures contained within this presentation.



Metlifecare Build Rate



- FY16 outlook 122 units and 36 care beds (158 total).
- FY17 outlook 147 units and 118 care beds (265 total).
- Seek to continue with sustainable growth in delivery of both units and beds.
- Target future development margin at or above 15%.
- FY16 development margin may be lower than target, due to:
 - First stage sell downs at two new villages.
 - Tighter margins on lower priced product.
 - Smaller developments and challenging topography.

Refer to the definitions section on page 28 of the presentation for additional detail on the non-GAAP financial measures contained within this presentation.



We are progressing the following development activities:

The Orchards (Glenfield)

- Stage 1 care beds (36 for delivery Q1 FY16).
- Stage 2 ILA's (37 units delivery Q1 FY16).
- Stage 3 (42 units delivery Q4 FY16) are under construction.

Greenwich Gardens (Unsworth Heights, North Shore Auckland)

- Stages 4 & 5 (88 units, 25 serviced apartments and 48 care beds) are under construction.
- 55 units to be delivered Q4 FY16.
- 33 units, 16 serviced apartments and 48 care beds will complete in Q3 FY17.

Red Beach (Whangaparaoa Peninsula)

- 5ha Site with prospective yield of 420 units and 72 care beds.
- Progressing through Due Diligence and Resource Consent conditions.

Manukau Golf Club (South Auckland)

- 5.5ha Site with prospective yield of 368 units and 72 care beds.
- Progressing through Due Diligence and Resource Consent conditions.

Somervale (Mt Maunganui)

- Construction scheduled for start on 70 care beds and 16 assisted living suites in Q2 FY16 for delivery in Q3 FY17.

The Poynton (Takapuna)

- Stage 4 (the final stage) – 62 completed in June 2015.

Crestwood (New Lynn)

- Seeking resource consent to build 47 apartments on spare land adjacent to the village.

Greenwood Park (Tauranga) and **Pakuranga Village** (East Auckland)

- Master plans continue.

2 Development Progress



Final Stage at The Poynton is now completed including the brand new Bowling Green.



The new Villas at Papamoa Beach Village, Bay of Plenty. Next stages underway.



Greenwich Gardens – Stage 1 Villas shortly after completion.



The Orchards – Apartment in Stage 1, most are occupied.



Oakridge Villas – Kerikeri – The new Pavilion was recently opened.



The Orchards – Top Apartments, Top Views.



3. Operating Performance

Operating Performance



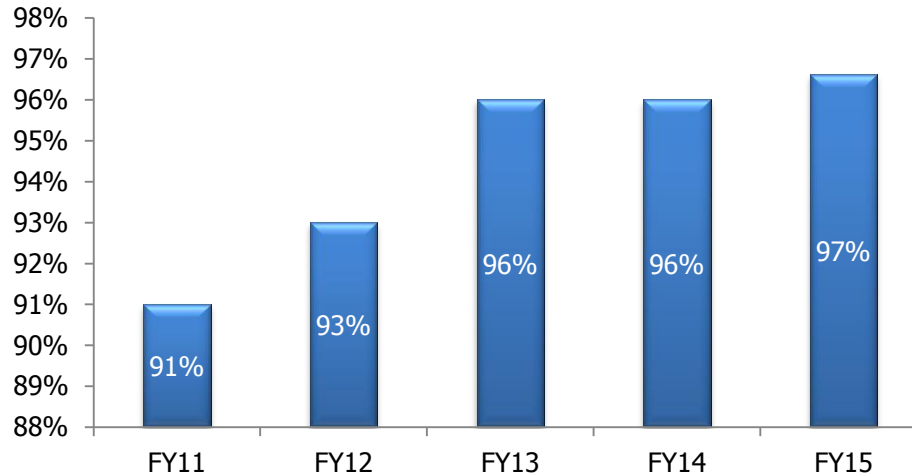
	FY15	FY14	Percentage Movement
Total Units	4033	3900	3.4%
Total Beds	359	359	0%
Residents Net Promoter Score	38	31	22.6%
Employee Engagement	74	*new	

- Following a strategic review, we are implementing our Employee Value Proposition (EVP) which is a comprehensive remuneration, learning & development and career pathways framework during FY16:
 - the EVP will include increases to staff salaries and wages and we anticipate the incremental impact of this on FY16 salary and wages being approximately \$1m per annum.
 - the EVP impact will largely depend on the career pathway choices made by staff in the future.
- Some of this increase will be offset by premium charging at Care Facilities in FY16 and beyond.
- The EVP will support our move to a resident-directed model of care.
- Strong support from our residents with an increase of 22.6% in the net promoter score.
- Employee engagement at 74 is 3 points above similar sized benchmarked organisations.
- Opened two new villages, Greenwich Gardens and The Orchards.

Refer to the definitions section on page 28 of the presentation for additional detail on the non-GAAP financial measures contained within this presentation.



Resales Occupancy

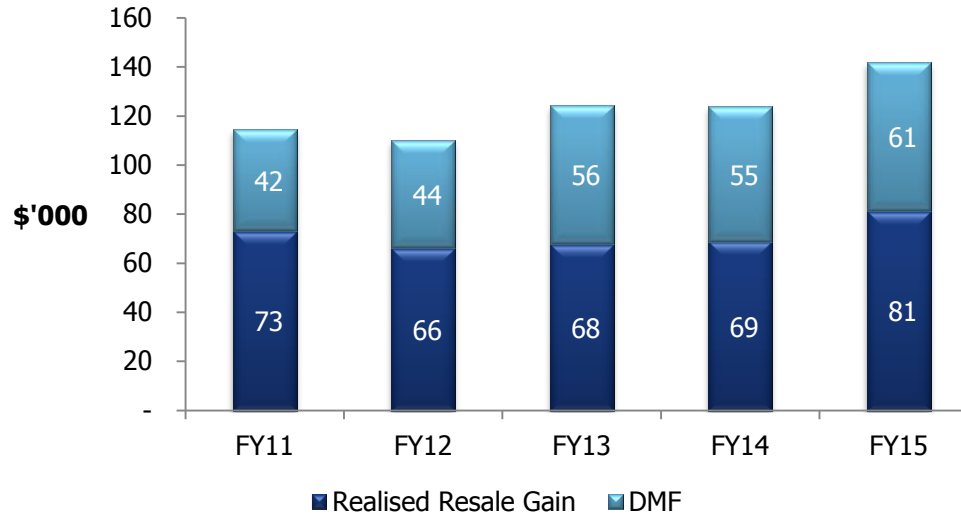


- Occupancy has improved to 97%.
- Including stock that is currently under contract, total occupancy increases to 98%.
- Breakdown of occupancy:
 - Independent Living Units occupancy 97%
 - Serviced Apartment occupancy 92%

Refer to the definitions section on page 28 of the presentation for additional detail on the non-GAAP financial measures contained within this presentation.



DMF & Realised Resale Gain



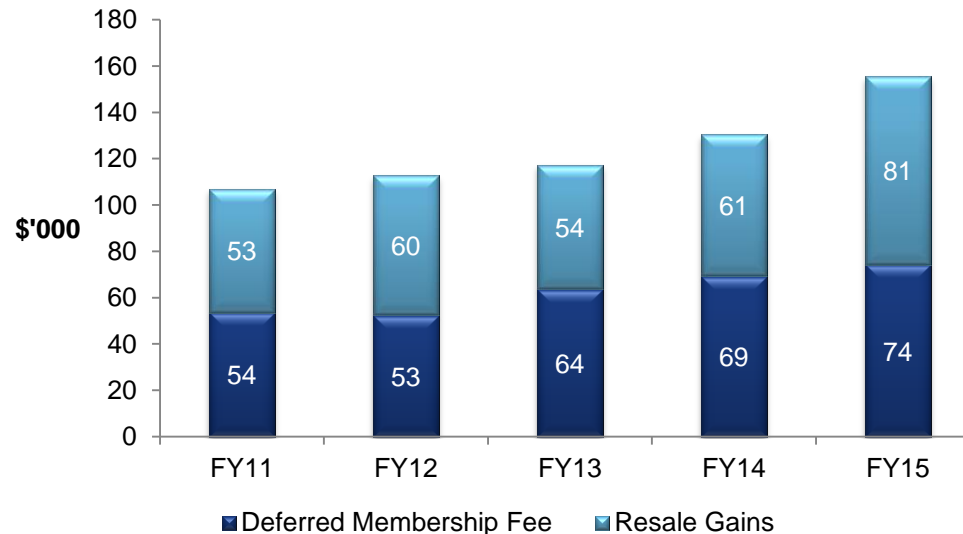
- DMF and realised resale gains per settlement have increased relative to the pcp.
- Length of stay for ILUs and ILAs was 8.5 years and 4.1 years for SAs.
- The mix of units sold during the year was 34% SAs and 66% ILUs and ILAs.

Refer to the definitions section on page 28 of the presentation for additional detail on the non-GAAP financial measures contained within this presentation.

Operating Performance



Embedded Value



- Embedded value per unit has increased by 19.3% to \$155k which is a positive for future realised resale gains.
- Increase in Embedded DMF and resale gains per unit as a result of the pricing increases and moving legacy contracts to the standard 30% membership fee over three years.
- The sum of the list prices for Embedded Value is based on the CBRE valuation list prices.
- Total Embedded Value \$592.6m up 22.2% on the pcp.

Refer to the definitions section on page 28 of the presentation for additional detail on the non-GAAP financial measures contained within this presentation.



Metlifecare Portfolio - 30 June 2015

Villages	ILU's	ILA's	SA's	Total	Care Beds	Care Suites	Total	Future Units	Future Hospital	Total	Overall Total
The Avenues		90		90				42	36	78	168
Bayswater	159	56	17	232		6	6				238
Coastal Villas	140	16	49	205	30		30	8		8	243
Crestwood	121		14	135	41		41	120	60	180	356
Dannemora Gardens		201		201							201
Forest Lake Gardens	142	56		198							198
The Orchards		17		17				79	36	115	132
Greenwood Park	145	80	15	240				53	60	113	353
Hibiscus Coast Village	150	71	48	269							269
Hillsborough Heights Village	176		42	218							218
Highlands	129		70	199	41		41				240
Kapiti Village	225			225							225
Longford Park Village	144	4	45	193							193
Oakridge Villas	52			52				65		65	117
Pakuranga Village	69		18	87	60		60				147
Palmerston North Village	49		50	99	38		38				137
Papamoa Beach Village	58			58				126	48	174	232
Pinesong	100	232	27	359		10	10				369
Powley	46		34	80	45		45				125
Poynton		242	15	257		5	5				262
7 Saint Vincent		81	12	93		2	2				95
Somervale	83		11	94	40		40	16	70	86	220
Greenwich Gardens - Unsworth Heights	27			27				281	48	329	356
Wairarapa Village	56		25	81	41		41				122
Waitakere Gardens		324		324							324
Red Beach								420	72	492	492
Manukau								368	72	440	440
Total	2071	1470	492	4033	336	23	359	1578	502	2080	6472

Refer to the definitions section on page 28 of the presentation for additional detail on the non-GAAP financial measures contained within this presentation.



Our Business

- Leaders in providing innovative and sustainable solutions for the lifestyle and care needs of older people.
- Development of retirement and aged care facilities designed to meet the unique needs of each community in which we are located.
- Five revenue streams:
 - Village operations
 - Village services
 - Care services
 - New sales and resales
 - Development margins



Aqua Aerobics in the beautiful Kapiti Village Pool

Our Goals

- To maintain a leadership position in the industry and...
 - to maintain a sustainable growth in build rate of units and beds through both greenfield and brownfield development;
 - to increase the Company's exposure to medium and high care as well as in home care services;
 - to improve cash flows; and to continuously enhance the performance and profitability of the existing villages.



4. Summary Financial Information



- FY15 Total revenue was 7.1% ahead of the pcp.
- Total expenses ahead of the pcp as a result of increased property costs, employee expenses, residents share of capital gains and impairment of property, plant & equipment.
- The Fair Value movement for the period was \$121.2m up 84.3% on the pcp as a result of strong property price growth.

Profit & Loss	FY15 (\$m)	FY14 (\$m)
Total revenue	101.5	94.8
Fair value movement of investment property	121.2	65.7
Joint Venture share of profit	1.0	0.5
Total expenses	(90.0)	(80.9)
Finance costs	(0.2)	(1.7)
Net profit before tax	133.5	78.4
Tax expense	(10.8)	(9.6)
Net profit after tax	122.7	68.8
Non recurring item ¹	(1.0)	-
Net profit excluding non recurring items ¹	121.7	68.8

¹ Refer to the definitions section on page 28 of the presentation for additional detail on the non-GAAP financial measures contained within this presentation.



- Underlying profit up 13.9%.
- Realised resale gains ahead 20.1% on the pcg as a result of higher volumes and increased realised resale gain per settlement.
- Realised development margin was 15.3% ahead as a result of volume and mix of units sold.
- Impairment of property, plant & equipment as a result of the per unit costs to build The Orchards care facility relative to the initial CBRE valuation.

Underlying Profit ¹	FY15 (\$m)	FY14 (\$m)
Net profit excluding non recurring items ¹	121.7	68.8
Fair Value movement of investment property	(121.2)	(65.7)
Impairment on Property, Plant & Equipment	1.3	-
Realised resales gains ¹	31.3	26.0
Realised development margin ¹	8.5	7.3
Deferred tax expense	10.8	9.6
Underlying profit	52.4	46.0

1

Refer to the definitions section on page 28 of the presentation for additional detail on the non-GAAP financial measures contained within this presentation.



- Total assets have grown by 11.1%.
- Equity has increased by 15.1% as a result of the profit for the period and the Share Purchase Plan funds.

Balance Sheet	FY15 (\$m)	FY14 (\$m)
Cash & other assets	17.0	15.0
Property plant & equipment	33.8	28.1
Investment properties	2,176.6	1,961.0
Total assets	2,227.4	2,004.1
Payables & other liabilities	26.9	18.2
Bank loans	60.1	42.5
Deferred membership fees	84.2	77.9
Refundable occupation right agreements	1,066.1	1,005.9
Deferred tax liability	78.7	67.8
Total liabilities	1,316.0	1,212.3
Total equity	911.4	791.8
NTA (\$ per share)	4.29	3.75

Refer to the definitions section on page 28 of the presentation for additional detail on the non-GAAP financial measures contained within this presentation.



Investment Properties	FY15 (\$m)	FY14 (\$m)
Development land	23.9	38.0
Investment properties under development	42.3	18.5
Completed investment properties	957.6	817.5
Total valuation	1,023.8	874.0
Plus: Refundable occupation right agreement amounts	1,346.1	1,245.4
Plus: Residents' share of capital gains	29.6	29.5
Plus: Deferred Membership Fee	84.2	77.9
Less: Membership fee receivables	(282.6)	(258.2)
Less: Occupation right agreement receivables	(24.5)	(7.6)
Total investment properties	2,176.6	1,961.0

- The value of total investment properties has increased by 11.0% on the pcp.
- Discount rates and property price growth assumptions have remained unchanged:
 - Discount rates range between 12.3% – 16.5%.
 - Property price growth assumptions range between 1.8% – 3.4%.
- CBRE average list price per unit has increased by 9.5% for the period.

Refer to the definitions section on page 28 of the presentation for additional detail on the non-GAAP financial measures contained within this presentation.



Operating Cash Flow	FY15 (\$m)	FY14 (\$m)
New Sales cash flows	48.8	34.4
Resales cash flows (realised resale gains)	31.3	26.0
Total sales and resales cash flows	80.1	60.4
Net operations performance	3.2	0.9
Interest paid	-	(1.8)
Net operating cash flow	83.3	59.5

* The table above splits operating cash flows between sales, resales, operations and interest (refer page 26 for additional detail).

- Operating cash flows were ahead of FY14 as a result of higher new sales volumes, higher realised resale gains and settlement volumes achieved given the mix of units settled.
- New sales revenues were driven by increased levels of available new sales stock.
- Net operations performance has improved on the pcp as a result of increasing revenues, costs management and non-recurring revenue. Additional detail on page 26.

Refer to the definitions section on page 28 of the presentation for additional detail on the non-GAAP financial measures contained within this presentation.

THERE'S NO
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4

Financial Performance



- Realised DMF cash for FY15 - \$23.3m.

Operating Cash Flow	FY15 (\$m)	FY14 (\$m)
Resident receipts	81.1	75.7
ORA new sales & resales	196.2	174.7
Payments to suppliers	(79.4)	(73.6)
ORA repurchases	(116.1)	(114.3)
GST	(0.6)	(1.2)
Interest received	0.1	0.1
Interest paid	-	(1.8)
Other Income	2.0	-
Net operating cash per cash flow	83.3	59.5
Operating cash flow with new sales & resales split		
New sales revenue	48.8	34.4
Net resales revenue	31.3	26.0
Net ORA revenue	80.1	60.4
Net operating performance	3.2	0.9
Interest paid	-	(1.8)
Net operating cash per cash flow	83.3	59.5

Refer to the definitions section on page 28 of the presentation for additional detail on the non-GAAP financial measures contained within this presentation.



Definitions, Disclaimer & Glossary

Definitions



- 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 Metlifecare believes it assists readers to understand the operating performance of the business.
- Non recurring items represent the proceeds from the settlement of a claim associated with remediation works for Hibiscus Coast Village and is offset by costs associated with the remediation in the current year. It is a non-GAAP financial measure and is not prepared in accordance with NZ IFRS. Metlifecare believes it assists readers to understand the operating performance of the business on a comparable basis.
- Realised development margin is the margin obtained on 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 common areas and 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.
- Total settlement figures include resale settlements for Metlifecare Palmerston North which under the changes to NZ IFRS 11 in relation to joint venture accounting are excluded when calculating average settlement values in the operational section. In FY15 resale settlements for Metlifecare Palmerston North were FY15 ILUs 7 and SAs 11 (FY14 ILUs 5 and SAs 13). DMF and realised resale gains figures exclude resale settlements for Metlifecare Palmerston North when calculating average settlements.
- Embedded value is calculated by taking the sum of the CBRE unit prices of units across our 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 Membership Fee receivable. The value of the Membership Fee receivable is as per note 18 of the Financial Statements and the balance is Resale Gains. The per unit calculations have been adjusted for the Palmerston North joint venture accounting changes. Embedded value assists readers to understand the potential future cash flows from Resale Gains & Management Fee Receivables for the business.
- The presentation includes non-GAAP financial measures for new sales, resales and occupancy which assists the reader with understanding the volumes of units settled during the period and the impact that new sales and resales during the period had on occupancy as at the end of the period.
- Percentage movements are based on unrounded numbers.

Disclaimer



- The information in this presentation is an overview and does not contain all information necessary to make an investment decision. It is intended to constitute a summary of certain information relating to the performance of Metlifecare Limited ("Metlifecare") for the year ended 30 June 2015. Please refer to the financial statements for the year ended 30 June 2015 that have been simultaneously released with this presentation.
- The information in this presentation does not purport to be a complete description of Metlifecare. In making an investment decision, investors must rely on their own examination of Metlifecare, including the merits and risks involved. Investors should consult with their own legal, tax, business and/or financial advisors in connection with any acquisition of financial products.
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- This presentation includes non-GAAP financial measures in various sections. This information has been included on the basis that management and the Board believe that this information assists readers with key drivers of the performance of Metlifecare which are not otherwise disclosed as part of the financial statements.

Glossary



- ***New Sales:*** The first time sale of an ORA (new stock)
- ***Resales:*** 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:*** Serviced Apartment
- ***PCP:*** Prior Comparable Period
- ***Unit:*** Independent Living Units, Independent Living Apartments and Serviced Apartments
- ***DMF:*** Deferred Membership Fees