

**GATHERING**



**Annual Shareholders Meeting**  
**24 October 2017**

**THERE'S  
MORE TO  
COME AT**   
Metlifecare

# Disclaimer

- The presentation includes several non-GAAP references. The definitions of and explanations for non-GAAP financial measures can be found in the FY17 results presentation on page 44.
- 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 2017** and additional information. Please refer to the financial statements for the year ended 30 June 2017.
- 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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- Percentage movements may differ due to rounding.

1. Welcome
2. Introduction to Directors and Executive Team
3. **Chair's Address**
4. **CEO's Address**
5. Questions from the floor
6. Business of the meeting
7. Other business

# Introducing our Board



Kim Ellis, Chair



Alistair Ryan



Mark Binns



Rod Snodgrass



Dr Noeline Whitehead



Carolyn Steele



Chris Aiken

# Introducing our Executive Team



Glen Sowry, CEO



Richard Thomson, CFO



Andrew Pekkett, General Counsel  
& Company Secretary



Charlie Anderson,  
GM Property & Development



Tanya Bish,  
Clinical Nurse Director



Richard Callander,  
GM Operations



Jan Martin, GM Sales



Huma Houghton, GM  
Human Resources



Julie Garlick, GM Marketing

Kim Ellis  
Chair

Greenwood Park Village, Tauranga

# Financial snapshot

Financial year to 30 June 2017	FY17	FY16	Change
Net profit after tax	\$251.5 m	\$228.7 m	↑
Net tangible assets per share	\$6.43	\$5.32	↑
Earnings per share	\$1.18	\$1.08	↑
Net operating cash flow	\$133.8 m	\$130.0 m	↑
Underlying operating cash flow <sup>1</sup>	\$51.3 m	\$50.5 m	↑
Total assets	\$3.0 b	\$2.6 b	↑
Bank debt	\$72.6 m	\$80.8 m	↓
Loan to value ratio <sup>2</sup>	4.8%	6.2%	↓
Dividend per share (cps)	8.05	5.75	↑
Underlying profit before tax	\$82.1 m	\$66.1 m	↑

<sup>1</sup> Underlying operating cash flows are statutory operating cash flow per the financial statements less the first time sale of occupation rights agreements (development sales).

<sup>2</sup> Loan to Value Ratio is total debt (excluding cash on hand) to CBRE investment property valuation as at 30 June 2017.

- Final dividend 5.8c per share, total dividend up 40% to 8.05c per share
- Dividend payout ratio of 30-50% of underlying operating cash flows
- Aim to balance shareholder returns and investment in future growth and existing portfolio



# Lifting our disclosure

Providing greater clarity and detail for investors through:

- Increased disclosure regarding the independent CBRE valuation of villages
- Additional detail on corporate costs and level of capitalisation on those costs
- Additional detail on capital management
- Underlying operating cash flows are a preferred indicator of operating performance as they indicate cash DMF, cash realised resale gains and cash tax paid.



# Diversified shareholder base

- Sale of 19.9% Infratil stake
- Opportunity for new investors
- Greater liquidity and breadth of shareholder base



# Looking ahead

- Leverage momentum built over past year
- Well positioned:
  - Strong balance sheet
  - Solid operating cash flows
  - Financial capacity to fund growth initiatives and to weather market cycles
- Investing in our strategy



# Acknowledgements

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Glen Sowry  
Chief Executive Officer

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# FY17 – Gathering Pace

- Price growth outperformed market
- High occupancy
- Exceeded development targets
- A future-focused approach to design
- New philosophy of care launched
- Long term maintenance plans
- Lifted the food and dining experience
- Significant people investment
- Increased organisational capability



# Our \$3.0 billion portfolio

<b>24</b> VILLAGES	<b>4</b> NEW VILLAGE SITES
<b>3,714</b> ILUs and ILAs	<b>484</b> CARE APARTMENTS
<b>342</b> CARE BEDS and CARE SUITES	<b>1,666</b> LAND BANK OF UNITS, CARE APARTMENTS AND CARE BEDS
<b>254</b> UNDER CONSTRUCTION	<b>5,200+</b> RESIDENTS



*customer*  
**1. EXPERIENCE**

*accelerated*  
**2. GROWTH**

*commercial*  
**3. INTENSITY**

# *STRATEGIC* **GOALS**

A close-up, shallow depth-of-field photograph of a person's hands working on a wooden instrument, likely a guitar. The person is wearing a blue, red, and white plaid shirt. They are using a small, light-colored wooden tool to work on the body of the instrument. The workbench is made of wood and has some wood shavings on it. The background is blurred, showing a window and some indoor plants.

# Customer Experience

Diverse and unique villages underpinned  
by a high level of care and service

# Change is coming - understanding our customers

Baby boomers want:

- High quality services
- Personalised choice
- Community connection
- Social interaction
- Technology

Future proof design:

- Homestead model care
- Integrated village design



**Greenwich Gardens care home, Auckland**

# Raising the bar

## Care

- Strengthened care proposition with company-wide establishment of resident-directed care approach
- **Completion of new design 'homestead model' care home at Greenwich Gardens**
- Increased care resident satisfaction and occupancy

## Food & dining

- Food is an essential ingredient of the customer experience and an opportunity to differentiate from our competitors
- Simon Gault partnership has enhanced our food offering and upskilled our kitchen teams
- Increased use of our cafés and dining facilities



Greenwich Gardens care home, Auckland



Guess who's  
**INSPIRING THE MENU** at  
Metlifecare



# Investing in our people

- Over 20,000 hours of training and development provided (an average of 19 hours per employee)
- \$700,000 invested in learning and development
- 40% in-service training (includes NZQA level qualifications)
- Achieved 80% overall employee engagement in IBM Best Workplaces survey
- Achieved AS/NZS 4801 Health & Safety certification





# Accelerated Growth

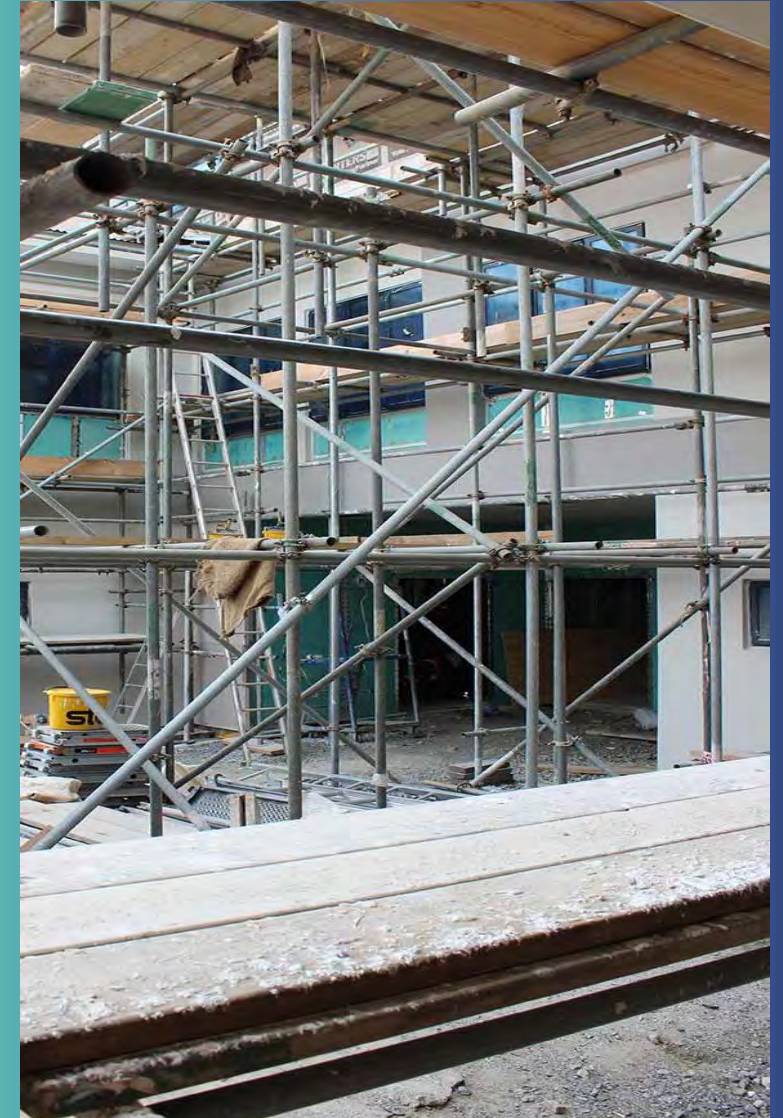
Accelerated growth programme in high-growth, strong-yield locations

*Pinesong village, Auckland*

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# Nailing targets and increasing capability

- Delivered 235 units and beds (vs 105 pcp)
- Achieved 23% development margin (vs 13% pcp)
- Acquired new Botany site
- Targeted land acquisition strategy
  - Supported by a net latent demand modelling tool
- Embedded project management and procurement systems and processes
- Increased in-house design capability and Development IP
- Completed long term maintenance and regeneration plans for each village
  - Identification of value creation opportunities



# New Botany village site



- Strong future demand
- 'Destination' village

# Scott Point

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# New Red Beach village design

- Village within a village
- Community integration



# New Red Beach village design



- Contemporary design and welcoming environment
- Social hubs and community touchpoints

# Design - Red Beach village

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# Unlocking opportunity – Pakuranga village regeneration

- Major village repositioning in the market
- Additional units and communal amenities



*Artist's impression of Pakuranga Village*

# Unlocking opportunity – Pinesong regeneration

- New 48-unit Manukau apartment building to replace former 19-unit block
- Strong demand for apartments since released onto the market



*Artist's impression of Pinesong*

An artist's impression of a modern, multi-story residential building with a mix of light grey and dark grey panels, large windows, and balconies. The building is set against a blue sky with light clouds. In the foreground, there is a green lawn with several people walking and sitting on wooden chairs. A row of low hedges separates the lawn from the building. The overall scene is bright and sunny.

# Commercial Intensity

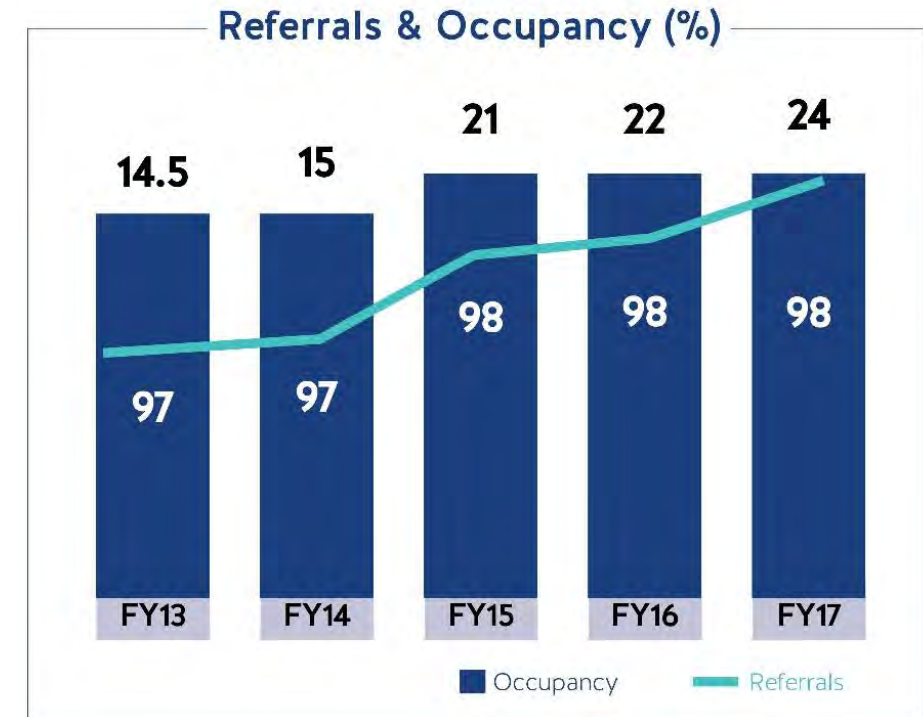
Capturing maximum value from our existing portfolio

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*Artist's impression of Greenwich Gardens stage 6*

# Driving better commercial outcomes

- Increased sales capability and market knowledge
- Improved customer mix
- Fit-for-purpose refurbishment programme has improved quality and reduced turnaround times
- Village occupancy retained at 98%
- Care occupancy increased 3ppts to 96%
- 24% of sales referred by an existing resident



# Village refurbishments enhancing the customer experience

- Bayswater café upgrade ✓
- Hillsborough Heights dining room upgrade ✓
- Papamoa Beach front entrance and reception upgrade ✓

To be completed:

- Hibiscus Coast Village café & bar upgrade
- Dannemora Gardens hair salon upgrade
- Highlands lounge upgrade
- Kapiti Village front entrance & café upgrade



# Enhancing value through common area refurbishment

## Hibiscus Coast Village



Existing bar area



Proposed bar area

# Enhancing value through common area refurbishment

## Hibiscus Coast Village



Existing café

- Modernising well-located mature villages with leveraged investment
- Improved customer experience
- Increased village attractiveness and marketability



Proposed café

# Enhancing the entry statement Papamoa Beach Village

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Creating a sense of arrival...



...and a welcoming experience

# More to come

- Focus on enhanced outcomes
  - Customer experience
  - Quality design and construction
  - Commercial performance
- Good progress year to date
  - Continuing to drive strategic initiatives
  - On track to meet development targets
  - Strong position to respond to market movement
- Construction commencing at Red Beach village
- Opening of Somervale Care Home and Pinesong Manukau apartments



More to come

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# Questions from the floor

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# Business of the Meeting

## Resolution 1

To re-elect retiring director:

- Kim Ellis

Kim Ellis retires from office at the Annual Meeting and, being eligible, offers himself for re-election.



# Resolution 2

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To re-elect retiring director:

- Alistair Ryan

Alistair Ryan retires from office at the Annual Meeting and, being eligible, offers himself for re-election.



# Resolution 3

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To elect new director:

- Mark Binns

**In accordance with the Company's** constitution, Mark Binns, having been appointed during the year by the Board, holds office under the constitution only until the Annual Meeting and, being eligible, offers himself for election.



# Resolution 4

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To elect new director:

- Rod Snodgrass

**In accordance with the Company's** constitution, Rod Snodgrass, having been appointed during the year by the Board, holds office under the constitution only until the Annual Meeting and, being eligible, offers himself for election.



## To authorise directors' remuneration:

To authorise an increase in the maximum aggregate remuneration payable to all non-executive directors of the Company from \$690,000 plus GST (if any) per annum to \$723,000 plus GST (if any) per annum.

To authorise the directors to fix the fees and expenses of the auditor of the company.

# Shareholder discussion



Meeting closed

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Thank you