



The Avenues Cnr Tenth Avenue & Devonport Road, Tauranga. Ph 07 571 0400. **Bayswater** 60 Maranui Street, Mt Maunganui. Ph 07 547 4047. **Coastal Villas** Spencer Russell Drive, Paraparaumu. Ph 04 296 6333. **Crestwood** 38 Golf Road, New Lynn, Auckland. Ph 09 826 2000. **Dannemora Gardens** 30 Matarangi Road, Botany Downs, Auckland. Ph 09 272 2467. **Edgewater Village** 14 Edgewater Drive, Pakuranga, Auckland. Ph 09 577 1600. **Forest Lake Gardens** 2 Minogue Drive, Te Rapa, Hamilton. Ph 07 849 8243. **Greenwich Gardens** 5 Greenwich Way, Unsworth Heights, Auckland. Ph 09 440 6790. **Greenwood Park** 10 Welcome Bay Road, Welcome Bay, Tauranga. Ph 07 544 7500. **Gulf Rise** 89 Symes Drive, Red Beach, Auckland. Ph 021 599 550. **Hibiscus Coast Village** 101 Red Beach Road, Red Beach, Auckland. Ph 09 421 9718. **Hillsborough Heights** 1381 Dominion Road Extension, Mt Roskill, Auckland. Ph 09 626 8060. **Highlands** 49 Aberfeldy Avenue, Highland Park, Auckland. Ph 09 533 0600. **Kapiti Village** 1 Henley Way, Paraparaumu. Ph 04 296 1790. **Longford Park Village** 1 Longford Park Drive, Takanini, Auckland. Ph 09 295 0040. **The Orchards** 123 Stanley Road, Glenfield, Auckland. Ph 09 444 4010. **Oakridge Villas** 30 Oakridge Drive, Kerikeri. Ph 09 407 8549. **Palmerston North Village** Cnr Carroll & Fitchett Streets, Palmerston North. Ph 06 350 6400. **Papamoa Beach Village** Cnr Parton Road & Te Okuroa Drive, Papamoa. Ph 07 542 1933. **Powley** 135 Connell Street, Blockhouse Bay, Auckland. Ph 09 627 0700. **The Poynton** 142 Shakespeare Road, Takapuna, Auckland. Ph 09 488 5700. **Pinesong** 66 Avonleigh Road, Titirangi, Auckland. Ph 09 817 1800. **Somervale** 33 Gloucester Road, Mt Maunganui. Ph 07 572 9020. **7 Saint Vincent** 7 St Vincent Avenue, Remuera, Auckland. Ph 09 524 1420. **Waitakere Gardens** 15 Sel Peacock Drive, Henderson, Auckland. Ph 09 837 0512.



ANNUAL REPORT 2019





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This Annual Report is signed for and on behalf of the Board of the Company by:


K.R. Ellis
Chair
5 September 2019


A.B. Ryan
Director
5 September 2019

METLIFECARE WHAT WE DO

We are in the business of providing rewarding lifestyles for New Zealand's older people, by developing, owning and operating high-quality retirement villages.

Since 1984, we have been an industry leader in providing vibrant social communities and an outstanding level of care for our residents.

AT A GLANCE

- 3984 INDEPENDENT LIVING HOMES
- 494 CARE APARTMENTS
- 440 CARE BEDS AND SUITES

AT A GLANCE

- 25 VILLAGES
- 8 DEVELOPMENT LOCATIONS
- MORE THAN 5600 RESIDENTS
- 1000 STAFF



97% VILLAGE OCCUPANCY



96% CARE OCCUPANCY



100% OF ESTABLISHED CARE HOMES HAVE 3 OR 4 YEAR MOH CERTIFICATION*

* Ministry of Health certification at time of publication

DEVELOPMENT LAND BANK

- 1104 INDEPENDENT LIVING HOMES AND CARE APARTMENTS
- 223 CARE BEDS AND SUITES

FINANCIAL HIGHLIGHTS

Year to 30 June 2019

Net Profit
After Tax

\$39.2m

Net Underlying
Profit¹ before tax

\$90.5m

Underlying
Operating
Cash Flow¹

\$55.9m

Investment
in new and
existing village
development

\$240m

Total Assets

\$3.5bn

Embedded
Value per Unit¹

\$281k

Total Dividend
for Year

11cents per share

¹ These measures are non-GAAP measures. The definitions of these and other non-GAAP financial measures in this report can be found in the FY19 results presentation. A copy of the FY19 results presentation can be found on Metlifecare's website: www.metlifecare.co.nz/investor-centre/investor-presentations

OPERATING HIGHLIGHTS

Year to 30 June 2019

97% village occupancy

96% care occupancy

35% resales margin

21% development margin

182 new homes and care beds delivered

470 occupation right agreements settled

19% care capacity increase

7% increase in settlement volume

81% staff retention rate

OUR YEAR



- **Pinesong** care suites certified

JUL 18



- Earthworks commence at **Orion Point**

JAN 19



- Works commence at **Crestwood** on 13 new homes

AUG 18



- **Greenwich Gardens** Kowhai Building opens
- Sponsorship of the Auckland Philharmonia Orchestra's 'Unwrap the Music' Series commences

FEB 19



- AUT appointed to develop the '**Your Best You**' resident wellbeing programme
- **Winner** at NZ Aged Care Association awards for the best Built and Grown Environment. Finalist for two other awards

SEP 18



- **Bayswater** bar area upgrade
- Cheese Scone the Movie World Premiere at **The Poynton**

MAR 19



- **Botany** land purchase - extra land to expand site and provide increased golf course frontage
- Partnership with Surrogate Grandparents to hold first **New Zealand Grandparents Day**

OCT 18



- **Crestwood** pop-up café opens
- **Staff Wellbeing Programme** and Portal launched

APR 19



- Community consultation with **Beachlands** and Maraetai residents
- **Kapiti Village** café upgrade

NOV 18



- **Waitakere Gardens** Rosecourt building regeneration complete
- Granted **Standing Consent** by the OIO
- **Pinesong** café upgrade

MAY 19



- Earthworks commence at **Pohutukawa Landing**, Beachlands
- **Hibiscus Coast Village** café upgrade

DEC 18



- **Gulf Rise** display home opens
- **Botany** community consultations
- Settlement of **Oakridge Villas** land purchase of adjacent site for village expansion

JUN 19

CHAIR AND CEO REPORT

Welcome to Metlifecare's Annual Report for the 2019 financial year. This year, as we celebrate 35 years of proven experience as a retirement village operator, we are pleased to report continued advancement towards our vision to create enriching living experiences for older people.

It has been a year of steady progress, highlighted by improved operating earnings and ongoing investment in our village environments, resident experiences and people.

We are especially pleased with our sales performance and continued high levels of village and care demand, which reflect the quality and desirability of Metlifecare's offering in tighter market conditions.

Our care business has enjoyed a strong year of growth, adding 19% to its capacity with the completion of three new

care homes over the year. This rapid expansion has in no way compromised quality, with two thirds of our established care homes now having a 'gold standard' Ministry of Health four-year audit certification. The steep improvement in quality in the past couple of years is a testament to our resident-led model of care as well as the expertise and commitment of our care team.

We have also celebrated development milestones with the completion of the final stage of Papamoa Beach Village, and welcoming the first residents to our new-generation Gulf Rise Village at Red Beach. Papamoa Beach Village's residents are pleased with their new community centre as well as the addition of a new care home and dementia wing at the village.

Overall, 2019 has seen us achieve strategic milestones while also continuing to deliver on the promise of providing exceptional service and care for residents.

FINANCIAL OVERVIEW

A solid operating performance over the year lifted underlying profit before tax¹ to \$90.5 million, 4% higher than the same period last year.

The increase in profit was driven primarily by solid revenue growth, up 14% to \$131 million as the result of increased settlement volumes and margins, as well as a significantly higher contribution from our care business. We were pleased to note the continued strong demand for our villages in challenging market conditions. In settling 7% more occupation right agreements (ORAs) with 6% average price increases, we

outperformed both the market and our unit valuations. In care, the higher contribution was also driven by consistently high occupancy and strong premium revenue growth.

These gains were partially offset by increased costs associated with village and care expansion, and increased property investment at our villages.

Operating cash flow improved 8% to \$119.9 million, with underlying operating cash flow (which excludes development sales, net interest and buyback costs) strong at \$55.9 million.

The fair value of Metlifecare's investment properties grew by \$53.9 million, lower than last year's \$132.7 million and reflective of the easing rate of housing market price growth over the year. Accordingly, reported net profit after tax, which includes the non-realised fair value increase in the Company's assets, was \$39.2 million, 68% lower than last year's \$122.6 million. This result was also impacted by a \$16.3 million non-cash impairment related to the construction of the two new care homes at The Avenues and Papamoa Beach Village, which were completed in June 2019.

The value of the Company's total assets at balance date increased by 7% to \$3.5 billion, driven by the 8% lift in investment property value.

The sales of new homes were pleasing, with 116 new ORAs settled over the year, 18% higher than last year. An additional 45 homes were under contract at balance date. The average selling price per new home increased by 5% to \$689,000, generating a total realised development margin of \$16.9 million, or 21%.

Over the year we also settled 354 resales of ORAs, up 3% on last year, with a further 70 homes under contract at balance date. The average selling price per home rose 6% to \$572,000 and drove a 15% lift in realised resales gains to \$71.5 million.

INCREASED DIVIDEND

In line with Metlifecare's policy to distribute 30% to 50% of underlying operating cash flow in dividends, the Board has declared a final dividend of 7.25 cents per share, bringing the total for the year to 11 cents, 10% higher than last year. The unimputed dividend will be paid on 20 September 2019, with a record date of 13 September 2019.

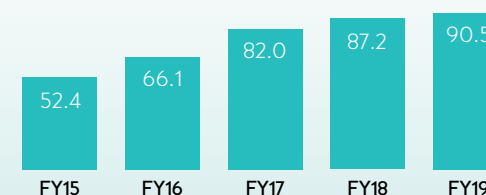
PRUDENT CAPITAL MANAGEMENT

In the period under review, \$240 million was invested in land purchases, village development, reinvestment projects and care homes.

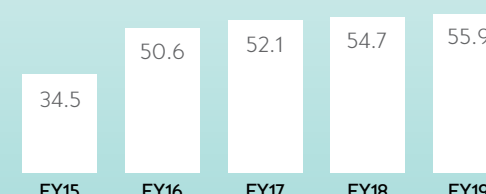
Metlifecare's gearing increased to 15% at balance date as the result of the increased development activity. This level of gearing remains the lowest of the publicly listed operators, highlighting the strength of Metlifecare's balance sheet and its capacity to fund ongoing targeted growth.

In December 2018, we completed a review of the Company's funding structure for the next phase of accelerated growth, resulting in the bank debt facility being increased to \$450 million. With year-end drawn debt of \$278 million, this provides significant additional headroom to support our future development pipeline while maintaining the Company's prudent

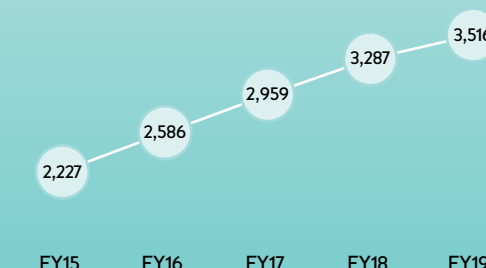
Underlying Profit Before Tax¹ (\$m)



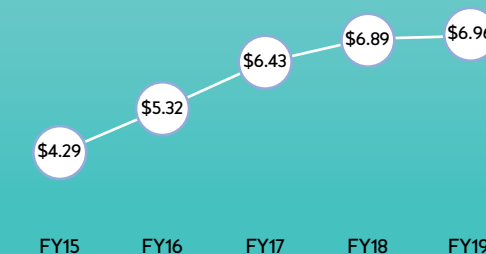
Underlying Operating Cashflow¹ (\$m)



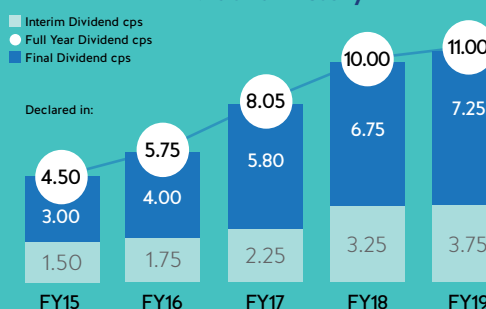
Total Assets (\$m)



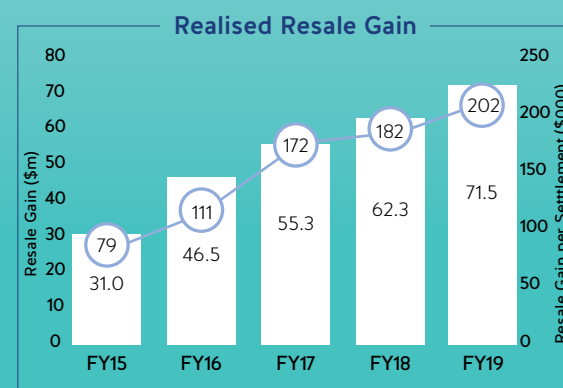
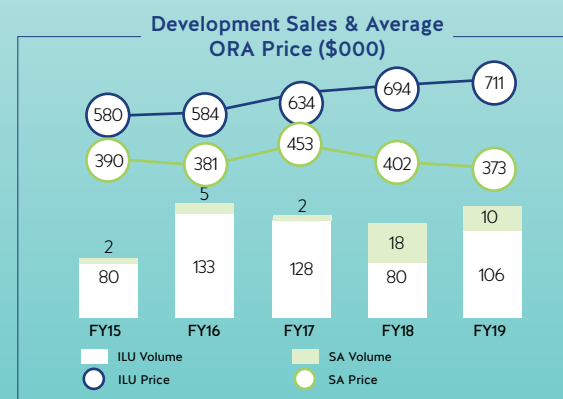
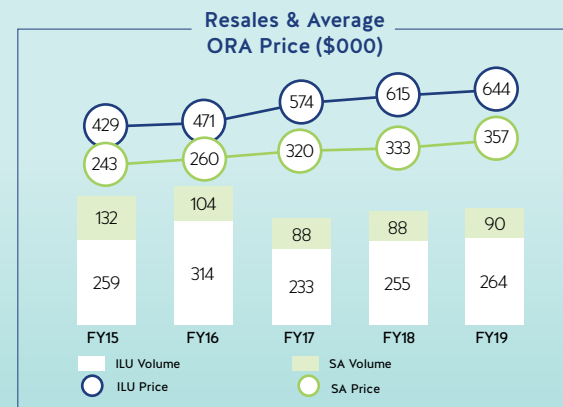
Net Assets per Share



Dividend History



¹ These are non-GAAP measures.



gearing profile. At the half year, we advised that we would be exploring a potential retail bond issue, with a view to replacing a portion of bank debt and achieving greater diversity and tenor of funding. Preparatory work is now completed.

ENRICHING THE LIVES OF OUR RESIDENTS

Metlifecare's ambition is to create living experiences which enrich the lives of residents and empower them to live the way they choose. We aim to achieve this through four key outcomes:

- Building for the future
- Creating exceptional communities

- Being passionate about our customers
- Harnessing the power of our people

The significant investment we are making in village environments, resident programmes and care is resonating well. We are not only receiving great feedback from residents, they are also spreading the word to others. While this investment has created some short-term impacts on earnings, we are seeing the benefits of this approach through strong applications, increased resident referrals and positive resident satisfaction, with the impact expected to continue in the longer term.

Our resident-directed model of care is now recognised as one of the highest-quality in the sector. The 96% average occupancy of our care homes reflects the value placed by residents and their families on our care, as well as the choice of options across the group. Our premium offering continues to grow rapidly, with premium revenues quadrupling in the last two years and set to increase as the new care homes reach occupancy targets.

While the wellbeing of our residents has always been top-of-mind at Metlifecare, we have now taken it to the next level by establishing a partnership with AUT to develop 'Your Best You' - a tailored wellbeing programme for residents based on six dimensions of wellbeing (see page 37). Our residents are not only receiving great enjoyment from a wide variety of activities but are also building a better understanding of how different activities can contribute to their overall wellbeing.

BUILDING FOR THE FUTURE

Metlifecare's development programme, which includes projects currently under way at eight villages, made steady progress over the year. We completed 182 new homes and care beds during the year, with another 33 new homes, originally anticipated for completion by year end, to be completed in the first half of FY20.

We have strengthened our development pipeline with two new sites, adjacent to our existing greenfield site at Botany and the existing village in Kerikeri. These purchases will enhance the development opportunity at each location and add considerable value to both sites.

In May 2019, Metlifecare became the first retirement village operator to be granted a standing consent for residential land purchases by the Overseas Investment Office (OIO). This consent acts as a form of 'pre-approval' and allows us to make up to 12 land transactions of up to 120 hectares of non-sensitive residential land in the next three years, without requiring individual OIO approvals. This will provide greater certainty to vendors and quicker settlement timeframes.

As the construction environment has tightened, we have continued to monitor the development programme to ensure it remains prudent. While some shorter-term timing changes have been made to the programme which may affect the build rate in the coming year, there is no change to our longer-term growth ambitions, and development momentum continues across all sites.

PEOPLE

The Board wishes to acknowledge and thank Metlifecare's entire team of employees and contractors for the way they bring to life our values of respect, passion, teamwork and integrity, and go the extra mile to enrich the lives of our residents. We wish to especially acknowledge the valued contributions of Jan Martin, our long-serving General Manager Sales who has recently retired, and Charlie Anderson, our General Manager Development & Assets who is leaving in September. We recently welcomed our new General Manager Sales, Sandra King, who will continue to build the capability and momentum of our sales operation.

We are now seeing real benefits from the Company's ongoing investment in its people. Our employees are more engaged and we have further improved our overall employee retention to 81%. Our reputation as a sector-leading employer of choice is firmly established and we are attracting high calibre people with aligned values to all parts of the business.

We see ongoing investment in employee development as critical to our continuous improvement. In the past year around 80% of our people participated in 11,400 hours of training and development and we are proud that 38% of our workforce is engaged in long-term leadership development programmes.

We also continue to invest in the health, safety and wellbeing of our people. A strong health and safety culture is well embedded across the organisation and our contractor partners. Pleasingly, Metlifecare reported its lowest annual total ACC claims in five years (for the 2018 levy year) and has adopted the Accredited Employer Programme which, in the event of an injury, will enable better support and management of injured staff.

We also recognise the increasing importance of staff wellbeing, given the impact that healthy and happy employees have on our residents' daily lives. The launch of our new staff wellbeing programme has been positively received by employees and their families, with strong levels of participation. We look forward to receiving feedback from staff and developing the programme over time to achieve the best outcomes for our people.

BOARD

The Board's workplan has continued at pace during the year with the depth of directors' diverse experience, skills and perspectives providing a strong foundation for robust discussion and decision making. The focused sub-committee structure continues to provide strong leadership and excellent contributions in the key focus areas for the business, drawing on the extensive and highly relevant skills of the members.

At this year's Annual Shareholders' Meeting, Carolyn Steele will be standing for re-election, with the unanimous support of the Board.

LOOKING AHEAD

Metlifecare's ambition is to create living experiences which enrich the lives of residents and empower them to live their best life. We are highly aware that with the new generation of retirees now entering the market, the preferences and expectations of our customers are increasingly changing. Innovation in design, construction and customer experiences will be key to success in the future.

Accordingly we will continue investing in our villages, our care environments and resident experiences to ensure the quality of our villages delights existing residents and upholds the same promise for residents of the future.

Having thoroughly reviewed our development programme against changing market conditions, we have full confidence that our new villages will provide a compelling proposition to attract and delight residents in the years to come. Programme timings have been recalibrated, and the development and expansion of eight new and existing villages is steadily progressing. We will monitor progress to ensure the timing and staging of our developments remains prudent in a tight construction environment.

Our growth momentum will build as we plan the next phase of development through the coming years, including strengthening our land bank through further strategic land acquisitions. This expansion will be underpinned by a strong balance sheet with low gearing and attractive funding options available to us.

Thank you to our shareholders, residents and our committed staff, who continue to support Metlifecare as they have for the past 35 years.

We often say that ours is a people business and that will remain core to our purpose in the years ahead as we adapt and evolve to embrace changing customer needs and expectations.


Kim Ellis
Chair


Glen Sowry
CEO

Q&A WITH CHIEF EXECUTIVE GLEN SOWRY



Metlifecare's Chief Executive Officer Glen Sowry joined the Company in April 2016. We ask Glen about this year's achievements and what lies ahead for Metlifecare.

Q: What achievements is Metlifecare particularly proud of this year?

A: I am really proud of what our sales team has achieved this year. In a tighter real estate market, we have delivered strong results that have led to our underlying profit increasing from \$87.2 million last year to \$90.5 million.

It also gives me great pride that we completed two new homestead model care homes in the Bay of Plenty, both opening this month. This further strengthens our position in the Bay of Plenty and provides a full continuum of care for not only these two villages but also, in conjunction with our successful care home at Somervale, the region generally.

Our strong certification record in the year has also been an excellent achievement for our care team.

Q: The housing market has its challenges at the moment - how has this affected demand for your villages?

A: Interestingly, applications are up on the prior year. This is very encouraging as it means that the Metlifecare brand and experience continues to attract people to buy into our villages. The housing market conditions have meant that these applications can take longer to convert to unconditional as future customers sometimes do not sell their houses as quickly as they did 12 months ago. Demand continues to be strong and we have maintained 97% occupancy at our villages.

Q: What are residents saying about why they enjoy living in a Metlifecare village?

A: The most common feedback that I receive from residents when I visit our village communities is that they wish they had come into our villages earlier. The camaraderie, activities and energy at our villages really does bust the myths associated with more traditional or historic "aged care" perceptions. Our barista-made coffees and à-la-carte dining offerings at many of our villages are highly attractive to over-70s. Inter-village sports and social events, plus the resident-run newsletters and activities calendars are also part of the unique social fabric of our villages and many of our customers thrive on their new-found social circles once they have made the call to move into one of our villages.

Q: Where do you see the future of retirement villages - especially with the next generation starting to set their sights on village living?

A: We are already welcoming the first of the baby boomer generation into our villages. By understanding their changing expectations, we will be increasing our focus on innovating for the resident experience in the period ahead. We are confident that our product is already unique and highly attractive, as is the exceptional personalised customer care we provide. We're constantly looking to the future and trying to anticipate what future customers will want to see in our villages in years to come so that their expectations are not only met, but exceeded. We remain committed to developing more sustainable communities, both through construction and through responsible consumption of resources.

Q: Metlifecare has really increased its focus on care - what impact is this having on the business?

A: We have really lifted the emphasis on the quality and breadth of care across our portfolio in the last two to three years. We take great pride in our unique homestead model of care homes where residents and their families interact in homely common areas - very different to traditional care home configurations. We are also focusing on introducing more care services to our "independent living" villages so that our future customers know they can be cared for at all of our villages, whether there is a care home on site or not.

Additionally, we are leveraging the network effect of care. For example, the residents at Greenwood Park now have the comfort of numerous nearby options in the Bay of Plenty, especially the new care home at The Avenues which is just a short drive away. The effect of all our efforts in these areas is that we are now offering a full continuum of care across our portfolio - something that future customers are focused on when making their initial assessment of villages.

We are also pleased to introduce our first dedicated dementia care home into our portfolio at Papamoa Beach Village, which will be replicated at several new developments in the next few years. Demand for these services is strong within our aging population, and will complement the support we already provide for dementia patients in our current care homes and villages.

Q: After achieving strong momentum in development delivery, Metlifecare's build rate has slowed. Are you still committed to growth?

A: Yes, we certainly are committed to profitable growth. After delivering 182 units and beds this financial year, we have re-assessed our future developments and are planning to deliver some of the projects slightly later than we had originally envisaged. Given the current slower real estate market and construction cost environment, our proposed future development delivery numbers will maximise profitable development outcomes. We are recruiting for a new General Manager Development who will lead this development programme. Charlie Anderson, our outgoing General Manager, is leaving shortly having established a high-performing team of development managers who are working hard to optimise our current developments, ensuring maximum shareholder value in a complex construction environment.

Q: What are you focusing on for FY20?

A: Creating exceptional experiences for customers remains a key priority as this is why we exist as a business. We will look to continue innovating in a manner that adds long-term value to Metlifecare. The incoming General Manager of Sales, Sandra King, brings new ideas and energy, along with a fresh perspective, to the business.

Targeted land acquisitions, profitable developments and sales are particular areas of focus over the coming year and beyond. We have also re-aligned our sales team to increase our investment and focus on selling our new village developments. All of this is not possible without the continued development of our people to ensure we are delivering the best quality service and care to our village and care residents.

Q: What inspires you the most about your job?

A: Metlifecare is a proven and successful retirement village operator with 35 years of heritage. From this foundation we are working hard to re-think and redefine what retirement living can and should be in the future as we adapt to meet the discerning expectations of our next generation of customers - which is an exciting challenge.

We have committed and passionate people working in all of our villages who, every day, enrich the lives of our residents.

As we evolve our village design and development activity we will never lose sight of the very personal and real impact our wonderful staff make each and every day, which is ultimately what our business has always been, and will continue to be, about.



HOW WE CREATE VALUE

OUR VALUE CREATION MODEL

SOURCES OF VALUE

OUR BUSINESS

VILLAGES

Creating homes and communities that our residents and their families love

RELATIONSHIPS

Prioritising our residents and communities is at the heart of everything we do

PEOPLE

Fostering a motivated and caring workforce and supplier partnerships

EXPERTISE

Leveraging our unique know-how, specialist skills and years of experience

ENVIRONMENT

Respecting and protecting natural resources today and into the future

FINANCES

Demonstrating prudent capital and cashflow management to ensure continued investment, growth and returns



OUR VALUES ARE: RESPECT, INTEGRITY, TEAMWORK AND PASSION

OUTCOMES

PASSIONATE ABOUT OUR CUSTOMERS

Through deep understanding of customer needs, we provide sector-leading care and living environments that enable our residents to live their best lives

EXCEPTIONAL COMMUNITIES

Through unique, thoughtful design and services that delight and empower residents, our villages are the community of choice for current and future residents

PEOPLE POWERED

Through engaging skilled, passionate staff who embody our commitments to safety, personal development, wellbeing and innovation, we remain an employer of choice

BUILDING FOR THE FUTURE

Through innovative, sustainable design, cost-effective construction principles, and efficient use of capital and materials, we create quality villages that attract and delight residents

BUILDING FOR THE FUTURE

Through innovative, sustainable design, cost-effective construction principles, and efficient use of capital and materials, we create quality villages that attract and delight residents



DEVELOPMENT HIGHLIGHTS

NEW LAND	<ul style="list-style-type: none"> Additional land purchased at Botany and Oakridge Villas
COMPLETED	<ul style="list-style-type: none"> 112 independent living villas and apartments at three villages Two new care homes at The Avenues and Papamoa Beach Village Care home conversion at Pinesong
VILLAGES IN PROGRESS	<ul style="list-style-type: none"> 81 homes under construction Earthworks completed at Pohutukawa Landing and Orion Point Crestwood villas at final stage of build
VILLAGES IN PLANNING	<ul style="list-style-type: none"> Design and Consent progressed on Botany and Edgewater Greenwich Gardens and Gulf Rise - next stage consents lodged

Unique, thoughtfully-designed villages that connect with their surrounding communities are the hallmark of Metlifecare's approach to village design.

As we look to the future of retirement villages, we understand that the next generation of retirees have a taste for modern, sustainable villages that offer a balanced lifestyle of hassle-free living, safety, security and a sense of belonging, with access to care services when required.

They want to feel connected to their local environment, and to live in a place that is part of a vibrant neighbourhood rather than living behind a wall.

That's why our villages are mainly designed by local architects to align with the lifestyle, amenities and values of the area. We work hard to learn about our neighbourhoods and consult with our communities to understand their lifestyle preferences and ensure that our



offering will meet the changing expectations of the next generation.

This approach also applies to our care homes, which are designed in keeping with our villages and enable residents to choose a model of care that suits them. The quality and attention to detail of our homestead-style care home at Greenwich Gardens was recognised in September 2018 at the New Zealand Aged Care Association Awards, where we were proud winners of the Built and Grown Environment award. We have since built three more care homes in the homestead style, each tailored to their local village environment.

NEW VILLAGES

PAPAMOA BEACH VILLAGE NOW COMPLETE

Recently we celebrated the final stage of Papamoa Beach Village with the completion of a new homestead-style care home, 29 new villas and a fabulous new village centre. With more than 40% of our newest residents buying at the recommendation of an existing resident, we are confident that this winning formula will continue to appeal.

FIRST RESIDENTS MOVE INTO GULF RISE

Excitement has also built over the year as we have approached the milestone of welcoming the first residents to our new Gulf Rise village in Red Beach, Auckland. Gulf Rise is a new concept in urban retirement living, with open entrances, a central boulevard and roads that connect seamlessly with the wider neighbourhood, integrating the village into the local community. The latest security technology ensures we meet our residents' safety and security needs while allowing the village to remain open and inviting.

Our new residents love their contemporary homes, and we are looking forward to growing a vibrant community with them.

GULF RISE Stage One



35 homes delivered

PAPAMOA BEACH VILLAGE



29 homes delivered



24 care beds and 16 dementia care beds delivered

GULF RISE

Artist's impression of Pavilion building currently under construction



200 homes planned or in development



40 care beds planned

NEW VILLAGES IN DEVELOPMENT

We are well advanced on site works at our new villages in Beachlands and Orion Point. With the recent additional land purchase at Botany, we have had the opportunity to expand the village design and are now ready to commence consenting.

COMMUNITIES PLAY A KEY ROLE IN VILLAGE DESIGN

Community engagement is crucial to new village development, so we can ensure our villages reflect and celebrate the unique local character, and that residents can feel a genuine sense of connectedness and belonging.

Community sessions were recently held for our new villages in Beachlands and Botany, where more than 250 interested locals attended to view and discuss our design concepts. We were pleased to receive valuable feedback about local lifestyles and amenities, and suggestions about how our villages can interact with their local communities. This feedback has been actively used to shape and improve our village design.

The Beachlands and Maraetai communities also helped name the new village when, asked for a name to reflect the local region, many suggested 'Pohutukawa'. We are therefore delighted to call our newest village 'Pohutukawa Landing'.

BOTANY



Resource Consent Image



215 homes



40-bed care home

POHUTUKAWA LANDING



Earthworks underway



Resource Consent Image



195 homes



36-bed care home

ORION POINT

Resource Consent Image



Earthworks underway



247 homes



40-bed care home

Numbers indicative only

EXPANSION OF CURRENT VILLAGES

MAXIMISING OUR EXISTING VILLAGE PORTFOLIO

New homes will be completed at Gulf Rise, Crestwood and Greenwich Gardens villages. A new parcel of land in Kerikeri will enable the expansion of our popular Oakridge Villas village, with new villas and a homestead-style care home targeted for completion in the next financial year. Another homestead-style care home was completed at The Avenues in Tauranga, which welcomes its first residents in September. By FY20 year-end construction is scheduled to be under way at Edgewater, with a new care home, new common amenities and a substantial increase in the independent living unit numbers.

GREENWICH GARDENS



48 delivered, 100 planned or in development

OAKRIDGE VILLAS



38 homes



40-bed care home

CRESTWOOD



Work in progress
at Crestwood



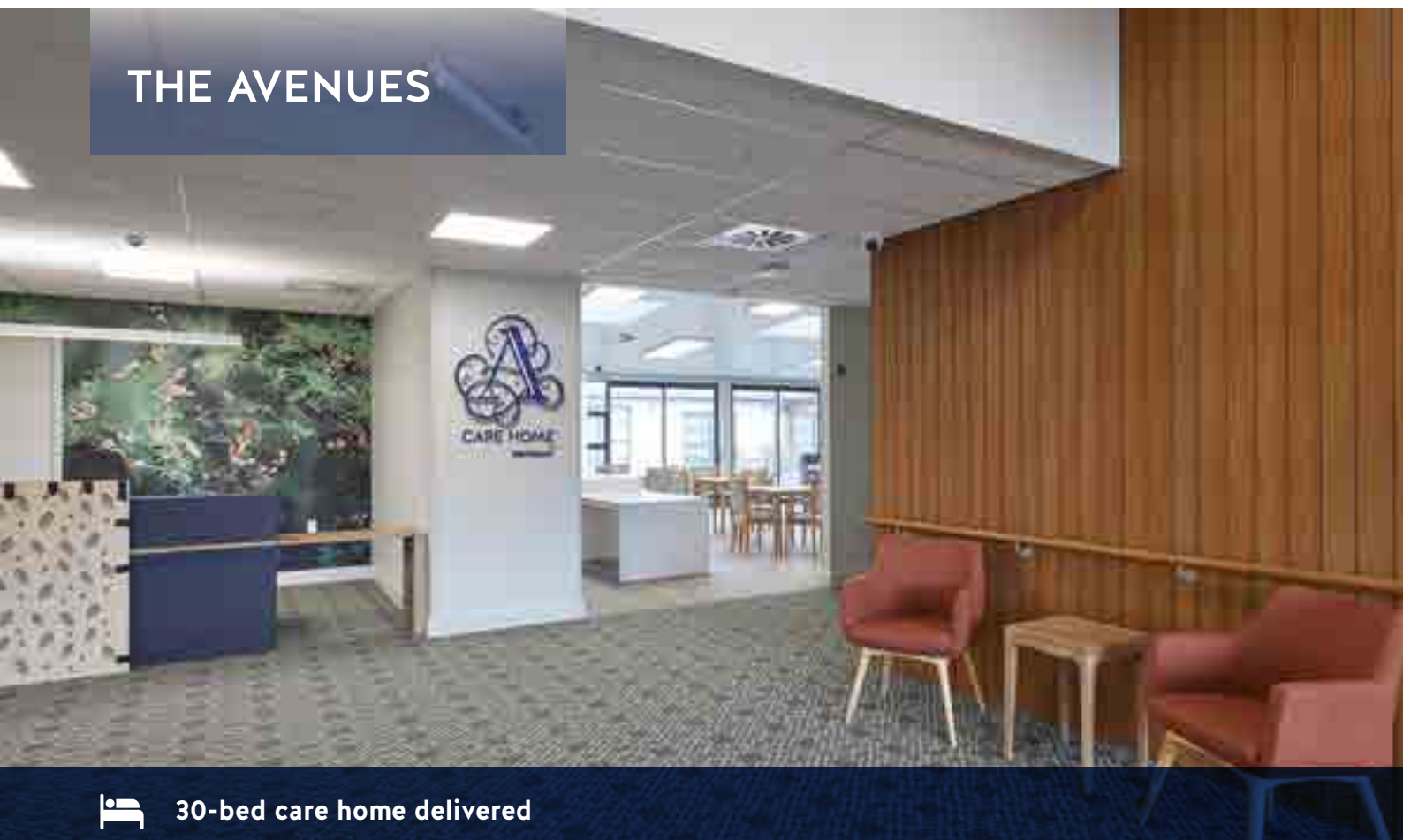
13 homes

Figures reflect homes delivered or under development/planned

EDGEWATER

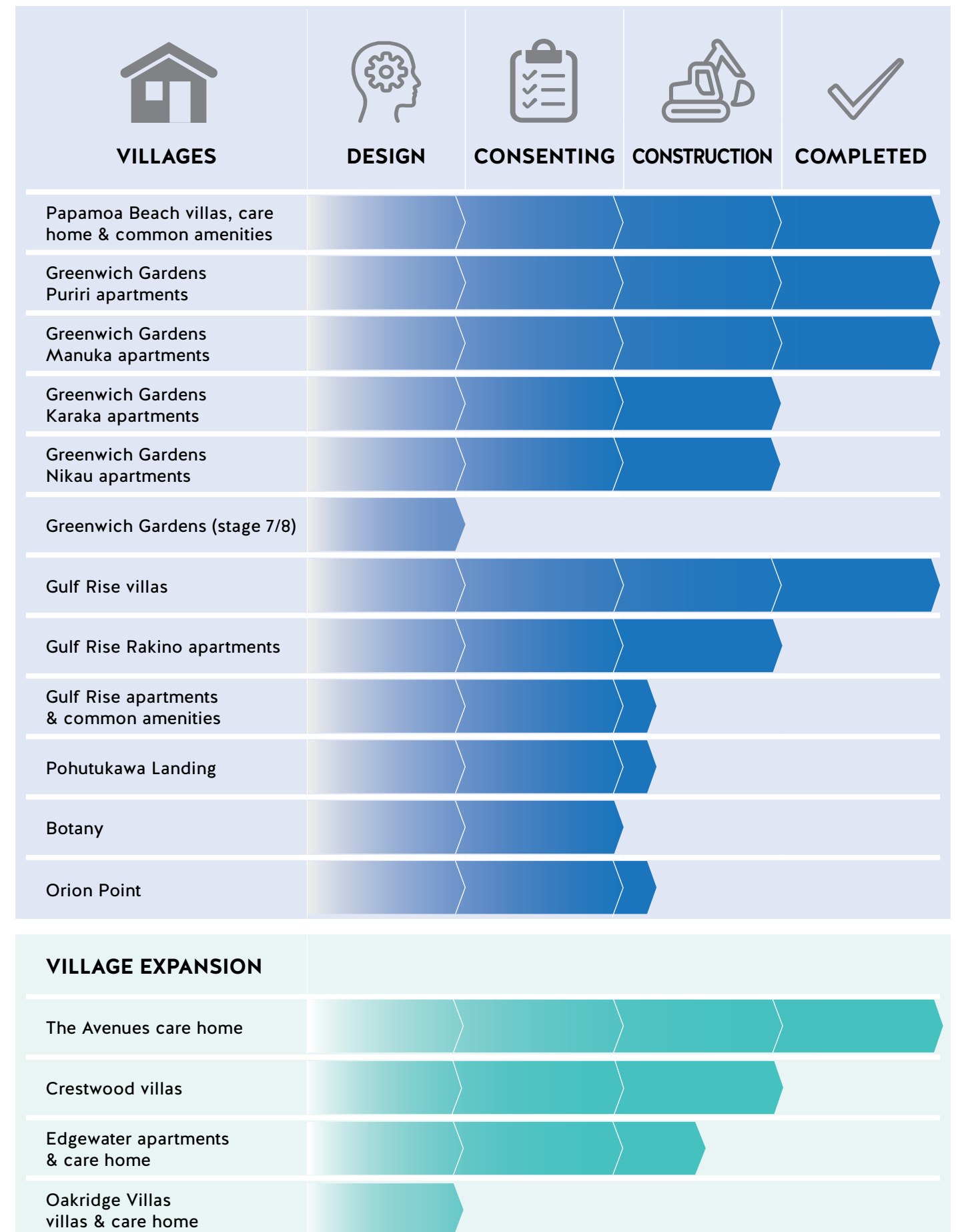


THE AVENUES



Figures reflect homes delivered or under development/planned

OUR DEVELOPMENT PIPELINE





EXCEPTIONAL COMMUNITIES

Through unique, thoughtful design and services that delight and empower residents, our villages are the community of choice for current and future residents

HIGHLIGHTS

CONTINUED VILLAGE INVESTMENT

- Modernisation and upgrade projects completed at ten villages
- 420 homes refurbished

CARE GROWTH CONTINUES

- Three villages with new care homes/suites
- 19% increased care capacity

STRONG VILLAGE DEMAND

- Village occupancy 97%
- Care occupancy 96%

HIGH LEVELS OF SATISFACTION

- New Resident satisfaction at 100% for 'met or exceeded expectations'
Source: 2019 Resident Satisfaction Survey

STRONG REVENUES

- Sales price growth 2.5% higher than REINZ list price growth
- 60% increase in premium care revenues

We all deserve to live somewhere we feel comfortable, that fits with our individual preferences and provides a sense of belonging. At Metlifecare, we strive to create villages which embrace and celebrate the uniqueness of their local communities so our residents feel a genuine sense of connection.

INVESTING IN OUR VILLAGE ENVIRONMENTS

We continue to invest in our villages to ensure they are maintained to a level that reflects changing building standards as well as the expectations of our residents. Over the past year we refurbished 420 homes, and are presently carrying out broader regeneration projects in five existing villages.

As our residents' needs are changing for social, recreational and wellness activities, our plan to refresh and modernise communal amenities at our existing villages continues. This programme includes upgrading bars and cafés, gardens, swimming pools, leisure facilities and social spaces. In the past year, communal spaces were upgraded at ten different villages, each being received with great enthusiasm by residents who are now making the most of their new facilities.

FINDING OUR FIT

Just as we all live in different communities for a reason, it's no different when it comes to choosing a retirement village. This is why we developed a unique approach called 'Find your Fit', allowing future residents to choose from a range of Metlifecare villages within an area to find the home and community that's right for them. While the quality of our care and support is consistently high throughout Metlifecare, each of our villages has a unique feel, with village amenities and activities reflecting the characteristics of the local neighbourhood.

Future customers are encouraged to find their perfect fit in our villages through attending inter-village events such as regional open days, taster tours and by joining in village activities. This is an excellent opportunity to make new friends and find out more about what our villages have to offer, and what makes the village a perfect fit for them.

FIND YOUR FIT

IN ONE OF 25 UNIQUE VILLAGES

Your unique pursuits, passions and preferences don't retire just because you have. No matter how you pictured your ideal retirement lifestyle, you'll find it in one of 25 distinctive Metlifecare villages. Each has a range of accommodation options, from villas to serviced apartments to care homes, all with the highest quality facilities.

To find out more, call us on **0800 367 847** or visit [metlifecare.co.nz](https://www.metlifecare.co.nz)

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

CARE AT ITS BEST

Our care business goes from strength to strength, with one of this year’s highlights being the completion of three new care homes, adding new accommodation for 90 residents. Our 96% average occupancy remains one of the highest in the sector, and our excellent resident satisfaction scores justifiably recognise the value our residents and their families place on the quality of our resident-directed model of care. This is also shown in the high demand for our premium care offering, which has seen premium care revenues quadruple in the past two years.

Industry recognition for Metlifecare’s standard of care also continues to grow, with two thirds of our established care homes now having the gold-standard four-year certification from the Ministry of Health (MOH). This certification acknowledges the quality of our clinical systems, care processes, training and risk management.

Winning the Built and Grown Environments Award at the 2018 NZ Aged Care Association Awards also provides industry acknowledgement for Metlifecare’s design innovation in our homestead-model care homes. We were also pleased to be recognised as finalists for our innovative approaches in the Excellence in Food for Care Homes category and the Training and Development Award for our Resident-Directed Care Training. The digital revolution continues with our latest innovations allowing staff to spend more time with residents and less time on

paperwork. Our electronic resident care system is being rolled out progressively through all care homes, while Medimap, an electronic medication management system is used at all care homes and is currently being extended to serviced apartments.



WELCOME TO THE TOI TOI DEMENTIA COMMUNITY

Anticipation is building as we prepare to welcome residents to the brand new Toi Toi Dementia Community at Papamoa Beach Village.

While people with mild dementia are well supported at other Metlifecare villages, the Toi Toi Community is Metlifecare’s first dedicated care wing for people with advanced dementia, featuring the same award-winning homestead design as Metlifecare’s other new care homes.

Metlifecare’s Regional Clinical Manager – Bay of Plenty, Mary Stewart describes our approach to secure dementia care:

“Our homestead-style approach will allow our residents to live the way they want in a home-like environment, with their care being individually designed around their needs. Residents live in small groups as they would in a family home, with private and shared spaces. This includes a

fully functioning kitchen just like the one at home, where residents and their families can prepare food, or they can help us do it. They can enjoy social time in the intimate dining and lounge areas, and for ‘me time’ there’s a private secure garden with a number of features for stimulation and interest.”

Mary says the design and décor is based on the latest research regarding colour and texture to assist with dementia. “We’ve given considerable thought to how design elements will support our residents by providing the right mix of stimulation and relaxation. For example, with the inclusion of woodland mural/wallpaper in the hallways to provide visual stimulation, or in the use of intuitive colour coding such as bright colours for residents’ doors and wall-coloured doors for staff-only areas.”

Mary and her team of specialist carers have been working hard to prepare for our new residents and are looking forward to welcoming them to the Toi Toi Community.

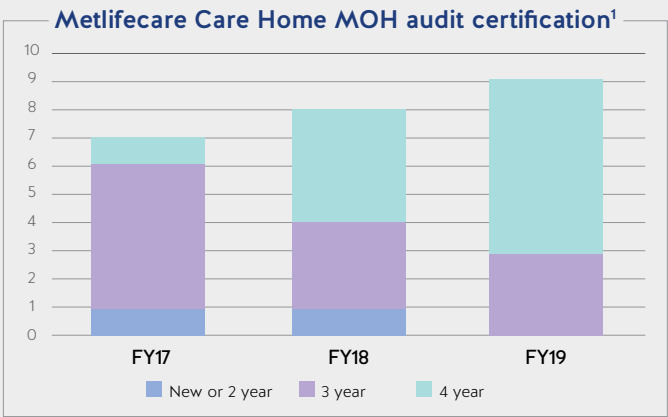
FINDING OUR FIT – PROVIDING CHOICE IN CARE

In the same way as our villages reflect the values and characteristics of their local communities, care is individualised to suit the needs of each resident.

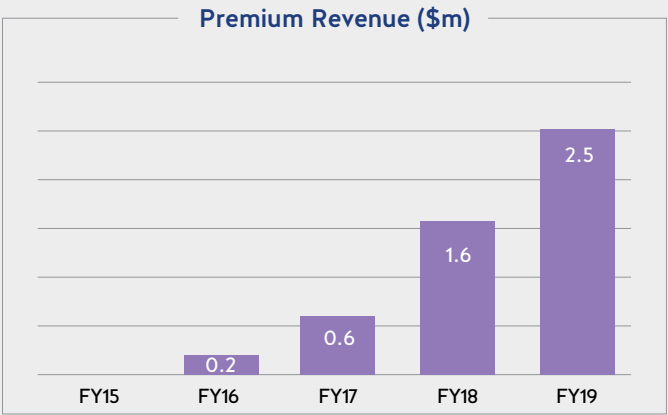
Our West Auckland network of care homes provides an excellent example of how our residents can ‘Find their Fit’ in care. The individualised, resident-directed approach to care remains constant, yet each care home has its own unique personality.

Whilst Powley offers a spiritually supportive community, Crestwood appeals to lovers of nature and animals with its expansive views over the adjacent golf course and its menagerie of animals. Pinesong’s boutique care suites are ideal for those seeking a more intimate care environment, within the supportive community of the wider village.

Across town on the North Shore, Greenwich Gardens offers a homestead model of care which reflects the social and community approach of the village – so much so that independent residents voluntarily and actively help at the care home and attend many care home events.



1 At time of publication





PASSIONATE ABOUT OUR CUSTOMERS

Through deep understanding of customer needs, we provide sector-leading care and living environments that enable our residents to live their best lives

HIGHLIGHTS

RESIDENT REFERRALS

- 17% increase in settled contracts generated by referrals

‘YOUR BEST YOU’ WELLBEING PROGRAMME

- Greenwich Gardens pilot successfully completed
- AUT wellbeing audits underway for all villages

HIGH QUALITY MODEL OF CARE RECOGNISED

- 67% of care homes with four-year MOH certification
- 100% of established care homes at three or four-year certification

NEW RESIDENT SUPPORT

- New resident transition service in place at all villages
- Net promoter score for new residents: 46%

SATISFACTION SURVEYS

- 97% Resident Satisfaction with staff in villages

At Metlifecare our ambition is to create enriching living experiences for our residents.

We believe the key to achieving this ambition is the continued understanding of the needs of our residents – both now and in the future. This enables us to create communities that offer the lifestyle, experiences and community relationships to support our residents in living their best lives.

Residents play the lead role in driving social connections at our villages: designing the village activity schedule, coordinating clubs and groups, planning social and inter-village events and managing village amenities such

as the library. This resident-led approach empowers our residents and promotes greater independence and pride.

Over the past year we have invested in strengthening the support for new residents and their families through the transition of leaving the family home and settling into village life. Providing one ‘concierge style’ point of contact at each village to assist with anything from operating new appliances to finding new friends is receiving excellent feedback.

This year has also seen an increased focus on wellbeing as we introduce ‘Your Best You’ and other wellbeing initiatives across Metlifecare. The following stories provide a snapshot of a few successful initiatives and how they are enriching our residents’ lives.

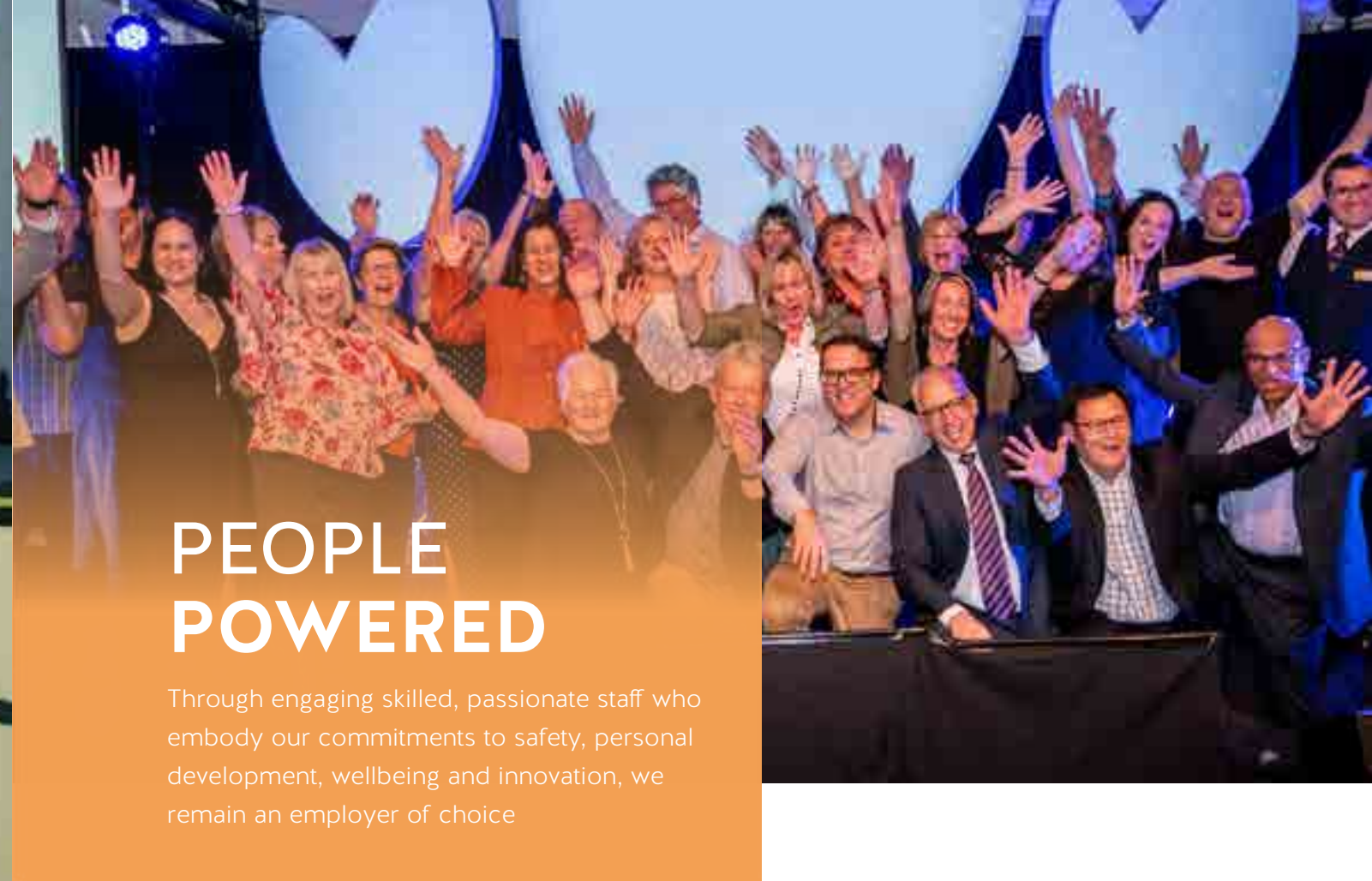


MAGIC IN THE MUSIC

In February this year, we were excited to commence a new community partnership with the Auckland Philharmonia Orchestra (APO).

Music is tremendously important to our residents, providing brain stimulation, relaxation and an opportunity for social gatherings. Knowing this, we were delighted to have the opportunity to help the APO achieve its goal of bringing music to the wider community.

The sponsorship has received enthusiastic support from our residents, with more than 500 having already enjoyed exclusive concert rehearsals at the Auckland Town Hall and first-class performances at our villages. We are looking forward to developing the partnership further.



PEOPLE POWERED

Through engaging skilled, passionate staff who embody our commitments to safety, personal development, wellbeing and innovation, we remain an employer of choice

‘YOUR BEST YOU’ - A HOLISTIC APPROACH TO WELLBEING

What does holistic wellness look like for older people? At Metlifecare we call it being ‘Your Best You’.

Recognising that everyone has different wellbeing needs - which continue to change as our lives do - Metlifecare has worked with the Auckland University of Technology (AUT) School of Health Science to develop Six Dimensions of Wellbeing for Seniors (pictured). AUT is a natural partner for this programme, with more than 20 years of research experience covering the health and activities of older people.

‘Your Best You’ started with a pilot programme at Greenwich Gardens, where AUT reviewed residents’ activities schedule against the dimensions, to ensure it provided a well-balanced selection, then trialled their approach with residents fully involved in the feedback loop.

To provide additional inspiration we enlisted Wayne ‘Buck’ Shelford (former All Blacks captain and PE Trainer for the Navy) as an ambassador and to act as an impartial participant. Over the 30-day programme, Buck and the residents self-rated themselves against the six dimensions to measure progress.

Now AUT is working with each village to ensure all six dimensions are present in their activities schedule.

This is done on a village-by-village basis as each activity schedule is designed and run by village residents to suit both their unique mix of interests as well as the local recreational environment.



HIGHLIGHTS

HIGHLY ENGAGED EMPLOYEES

- Increased overall employee engagement to 81%
- 11,400 hours of training for 80% of employees

STRONG STAFF RETENTION

- Total staff 81%
- Care staff 87%

ONGOING FOCUS ON HEALTH AND SAFETY

- Introduction of Wellbeing Programme and Portal
- Asbestos Management Training Programme launched
- Village Traffic Management Plan developed with residents

In the retirement and aged care sector, the need to develop and retain skilled, high calibre people is stronger than ever. By continuing to invest in our people, with emphasis on learning and development, health and safety and a rewarding and enjoyable workplace, we have continued to cement the reputation of Metlifecare as an employer of choice.

EMPLOYER OF CHOICE

We have been very pleased to continue improving employee retention over the past year to an average of 81%, with significant improvement in the retention of caregivers reaching 87% (compared to an industry average of 73.1%*).

Metlifecare's reputation as an employer of choice has also enabled us to successfully meet a major challenge in recruiting and training more than 100 skilled staff to support our two new care homes and expanding villages in the Bay of Plenty. In a tight labour market, we received several hundred applications, a testament to our reputation as an employer of choice. All roles are now filled, with our new employees being available to work across our three Bay of Plenty care homes if needed.

* New Zealand Aged Care Association Aged Residential Industry Profile 2017-8.



CONTINUED INVESTMENT IN LEARNING AND DEVELOPMENT

Over the year, around 11,400 hours of training were delivered across the organisation, via a combination of online and face-to-face training. Around 80% of employees participated in some form of training, with 38% engaged in long-term development programmes.

An online Learning Management System was introduced, enabling staff to complete e-learning programmes, resulting in a 15% reduction in training cost.

In March 2019 our clinical training capability was significantly boosted with the addition of an in-house nurse educator, who is leading the drive for ongoing clinical improvement through training and education. This has created additional opportunities for staff to gain new skills as well as enabling consistency of training across our teams.

SUPPORTING EMPLOYEE WELLBEING

Concurrent with the development of Your Best You for residents, we have introduced a wellbeing programme for employees and their families. The programme includes a personal wellbeing survey and provides education and assistance via a digital platform, as well as the personal support of 25 wellbeing champions throughout the Company.



FOCUS ON SAFETY AT WORK

Improved health and safety performance and culture continues to be a focus at Metlifecare. In 2019 our initiatives included a two-day training course for health and safety representatives, ongoing training for asbestos and manual handling, and the introduction of company-wide standard operating procedures for hazard and risk management.

Whilst increased emphasis on the reporting of near misses and injuries has resulted in LTIFR and TRIFR measures lifting over the year our internal monitoring

shows that positive progress is being made with an incident close out rate of 90%.

During the year Metlifecare was accepted into the ACC Accredited Employer Programme (AEP) which has enabled us to better manage any workplace injuries and rehabilitation, as well as early intervention. We are now focusing on better identification of injury causation, and the subsequent introduction of injury prevention programmes. As further demonstration of the embedded culture of health and safety in the organisation, the annual Health and Safety Hero award recognises staff who have exemplified our health and safety principles.



INCREASED EMPLOYEE ENGAGEMENT

Metlifecare measures employee engagement through its annual Qualtrix (previously IBM Kenexa) survey, where we achieved an impressive 81% overall engagement and were well above the New Zealand average on the majority of engagement measures.

A major factor in strengthening employee engagement and performance has been the introduction of Metlifecare 'engagement champions' – a group of employees who volunteer as an additional internal communication channel and support for local managers. The engagement champions provide a more informal means of delivering information and receiving feedback than through a direct manager and receive regular training and briefings.





SERIOUS ABOUT SUSTAINABILITY

Metlifecare's Kapiti Village residents were empowered and supported to turn a vegetation dump ground into a useable potting shed and native tree walk area with excellent results.

We recognise our continued success depends on taking a holistic view of company performance. Metlifecare is committed to creating a better future for our residents and their families, our staff, our suppliers, our shareholders and the communities we serve.

Last year we shared with you the first steps of our sustainability journey as we started formalising our approach to addressing the Environmental, Social and Governance (ESG) issues that relate to our business and impact upon our stakeholders. Twelve months on, we're pleased to report that we're making solid progress in embedding sustainability into the way we work, the way we interact with stakeholders and the environment, and the decisions we're making for the longer term.

Recognising the need to develop an enduring framework for our sustainability initiatives, we've worked alongside our stakeholders to understand the material factors that are at the heart of our business and where our focus can deliver the most impact. Through the process of engaging with our residents, shareholders, community representatives, staff, Iwi partners and industry professionals, we have a clear understanding of what really matters and this will underpin our focus for measuring and improving our performance as our journey continues.

The stakeholder consultation process led to the development of our sustainability matrix which sets out the Environmental, Social and Governance matters that were collectively identified as key to keeping our business on a sustainable footing.

Our next steps will include measuring our performance in each material aspect and creating meaningful improvement goals that will deliver a positive impact

for our stakeholders and our business. This process is already underway and being driven by the Executive Team with strong involvement across the business.

A number of current practices already contribute positively and over the coming months we will build on these as well as introducing new initiatives to propel us towards our aspiration of building a more sustainable future. You will find examples of our current initiatives throughout this Annual

Report – entirely consistent with Metlifecare's approach to sustainability which is an integral part of the way we go about the day-to-day business of creating value.

For example, you can view our Ministry of Health certifications on page 33 and our health & safety initiatives are outlined on page 39. You will find information on Metlifecare's corporate governance practices on pages 49 to 52.

SUSTAINABILITY MATRIX 2019



BUILDING SUSTAINABILITY

When our residents move into their homes at new Metlifecare developments, they become part of the green revolution, joining the growing number of our villages contributing to a more sustainable future.

Our latest homes incorporate energy saving features such as 2.6 R-rated insulation that exceeds code requirements, double glazing, heat pumps, LED lighting and appliances that are both water and energy efficient. These features are not only good for the environment, they also benefit our residents through lower energy costs and improved health outcomes. We also make efforts to implement more sustainable practices through construction. Initiatives have included the use of fixed-plumbed toilets to reduce chemical use, as well as focusing on construction waste such as plastic shrink wrap and metal to ensure it is minimised and recycled.

Our residents are able to enjoy the beautiful surroundings, knowing that chemical use in the gardens is minimised. Our residents have taken the initiative to introduce their own sustainable practices with many of our villages using on-site composting, worm farms and mulch which both reduce waste and minimise the need for irrigation. Many of our residents spend time planting village allotments and vegetable beds, enjoying the bounty harvested from the gardens.

Our landscaping plans for new developments at Greenwich Gardens and Gulf Rise included a focus on the regeneration of natives, as well as specific planting to attract birds and butterflies.



OUR BOARD OF DIRECTORS

KIM ELLIS BCA (HONS), BENG (HONS)

CHAIR, INDEPENDENT DIRECTOR

Appointed 25 August 2014

Kim is an experienced director and former Chief Executive Officer. He is currently the Chair of NZ Social Infrastructure Fund and the Sleepyhead Group, and a director of Freightways, Port of Tauranga, Fonterra Shareholders' Fund and Ballance Agri-Nutrients.

Kim was the Managing Director of Waste Management NZ Ltd for 13 years until 2006. Prior to that, he held a number of CEO positions.

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 BA

INDEPENDENT DIRECTOR

Appointed 23 August 2012

Chris has over 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. He is a member of the Auckland Urban Design Panel and is an adviser to Government agencies on large scale property matters.

Chris has also had an extensive technology career, and is a former director of Auckland City Council Property Board, and a former Chair of North Harbour Stadium, Telecom Retail Holdings and Origin Quarries Group.

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

MARK BINNS LLB

INDEPENDENT DIRECTOR

Appointed 1 August 2017

Mark is a 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, where he led the company through the largest Initial Public Offering in New Zealand's history. Prior to that, Mark spent 22 years at Fletcher Building and Fletcher Challenge, where he rose to the position of Chief Executive of Fletcher Building's Infrastructure Division.

Mark is currently a director of Auckland International Airport, Te Puia Tapapa and Crown Infrastructure Partners, and a Trustee of the Auckland War Memorial Museum, where he Chairs the Future Museum Capital Programme Committee.

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

ALISTAIR RYAN MCOM (HONS)

INDEPENDENT DIRECTOR

Appointed 23 August 2012

Alistair is an experienced director with wide corporate and financial experience in listed companies and his background includes a 16-year career at SKYCITY Entertainment Group where he held senior management roles, including Chief Financial Officer. Prior to SKYCITY, Alistair was a Corporate Services Partner with Ernst & Young, based in Auckland. He is currently a director of Kingfish, Barramundi, Marlin Global and Kiwibank. He is also a member of the FMA's Audit Oversight Committee.

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

ROD SNODGRASS BCA

INDEPENDENT DIRECTOR

Appointed 1 August 2017

Rod has broad experience in corporate strategy, business and product innovation, digital growth, transformation and disruption in the New Zealand communications and media sector. He held senior executive roles at Spark and Vector. Rod brings a global strategic view of the technology industry having previously been on the Boards of the Mobile World Capital Advisory Board, Telco Futures Forum, Southern Cross Cables, XtraMSN and Yahoo!Xtra in NZ and AAPT and 3 Mobile in Australia.

Rod is currently a director of JUCY Group, Geo Chapter 2 and SMX, a Trustee of Springboard Trust, an Ice Angel and a member of AUT's Auteur's Influencers Panel.

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

CAROLYN STEELE BMS (HONS)

NON-INDEPENDENT DIRECTOR

Appointed 13 December 2013

Carolyn has substantial experience in capital markets, mergers and acquisitions and investment management. Until 2016 Carolyn was a Portfolio Manager at Guardians of New Zealand Superannuation, the Crown entity which manages the New Zealand Superannuation Fund. Prior to joining the Guardians in 2010, Carolyn spent more than ten years in investment banking at Forsyth Barr and Credit Suisse First Boston/First NZ Capital.

Carolyn is currently a director of WEL Networks, Ultrafast Fibre, Green Cross Health, the Halberg Foundation and is a Trustee of the New Zealand Football Foundation.

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

DR. NOELINE WHITEHEAD PHD, MN (HONS), PG

DIP HEALTH SCIENCES, RN

NON-INDEPENDENT DIRECTOR

Appointed 19 June 2013

Noeline is an experienced senior nurse and senior manager with more than 30 years in residential aged care. Noeline's previous roles include an Honorary Teaching Fellow at the University of Auckland, Director of Nursing at Bethesda Care, and a Clinical Nurse Director with Counties Manukau District Health Board.

Noeline has made a significant contribution to New Zealand's residential aged care sector through her membership of national committees and her long association with the Eden Alternative organisation. Her passion for resident wellbeing brings expertise and a strong focus on clinical practice and resident care to the Board.

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



OUR EXECUTIVE TEAM

GLEN SOWRY INSEAD AMP CHIEF EXECUTIVE OFFICER

Glen has led Metlifecare since April 2016 and prior to his appointment, was Chief Executive Officer of Housing New Zealand with 67,000 properties across the country.

Glen has held several senior roles at Air New Zealand, Television New Zealand and Telecom. He spent 10 years at Air New Zealand, initially as Head of Corporate Affairs and Government Relations, then leading the domestic and short haul international airlines overseeing a major financial and competitive turnaround of the Tasman network.

“I’m passionate about leading Metlifecare towards a successful future where we create environments that residents are proud to call home, where our staff love working and which create ever increasing value for our investors”.

RICHARD THOMSON BCOM, LLB (HONS), PGDIP CHIEF FINANCIAL OFFICER

Richard joined the Metlifecare team in September 2017 from Air New Zealand where he was Group General Manager Commercial, leading commercial strategies including revenue management and pricing. Richard brings a strong blend of technical corporate finance skills and investment banking experience from previous roles at PwC and JPMorgan.

Richard and his team are responsible for Metlifecare’s financial and risk management as the Company focuses on its growth, innovation and commercial performance agenda.

“I’m passionate about building a modern, progressive, intelligent business that is successful, thoughtful and engages positively with all those who are touched by it.”

TANYA BISH MN (HON), BCOM, NZRCOMP CLINICAL NURSE DIRECTOR

Tanya joined the Metlifecare team in July 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.

“I’m passionate about ensuring we assist our residents to live the way they choose, having control over their decisions and maintaining connections both within the village and in their community.”

RICHARD CALLANDER GENERAL MANAGER OPERATIONS

Richard was appointed General Manager Operations in January 2015 after 16 years with SKYCITY Entertainment Group both overseas and in New Zealand, where he was most recently the General Manager of its Queenstown casinos. Richard has extensive executive management experience in customer service and a proven track record delivering sustainable growth for shareholders and positive outcomes for key stakeholders. Richard and his team are responsible for all aspects of village operations and delivering a high-quality customer experience to Metlifecare’s residents every day.

“I’m passionate about giving our residents an outstanding village experience, through committed teams, operational excellence and service innovation across all of our villages.”

JULIE GARLICK BCOM, FCIM GENERAL MANAGER MARKETING

Julie joined Metlifecare in October 2017 after four years as General Manager Marketing at SKYCITY Entertainment Group, where she oversaw its transformation into an entertainment, dining and accommodation leader. Prior to that she played a similar role repositioning The Warehouse Group in the highly competitive retail sector.

Julie and her team are responsible for connecting with future and existing customers and bringing Metlifecare’s brand and customer proposition to life.

“I’m passionate about ensuring Metlifecare remains relevant in an increasingly demanding and competitive landscape by listening and responding to customers’ ever-changing needs, dreams and wants.”

HUMA HOUGHTON BA (HONS), CIPD, CFHRINZ, PGDIP GENERAL MANAGER HUMAN RESOURCES

Huma was appointed to the Metlifecare Executive Team in January 2017 to lead the organisation’s strategic people management. Huma joined the Company from JMW Consultants where she specialised in executive coaching, designing and delivering transformational leadership development programmes, and consulting with senior leadership teams.

Previously, Huma was the Executive General Manager Capability and Organisation Development for Z Energy, where she embedded a high performance culture, winning multiple awards for her work. She has also worked for large organisations in the United Kingdom and New Zealand including Deloitte, Vero and Spark.

“I’m passionate about enabling the ongoing growth and development of our people, to build a high performing organisation with unrelenting focus on exceptional service delivery.”

SANDRA KING GENERAL MANAGER SALES

Sandra was appointed General Manager Sales in July 2019. She is an accomplished and proven commercial sales leader with a track record of building high quality integrated sales organisations. She leads a team of passionate sales staff who are responsible for the sale of new village units and the resale of existing units to new residents. With an extensive background in strategy and transformation projects, she 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. Prior to joining Metlifecare Sandra was a business consultant for Prime Strategies, driving business improvements in the SME market.

“I’m passionate about caring and supporting our future residents through their journey into one of our unique and high quality retirement living communities.”

ANDREW PESKETT BA (HONS), LLB GENERAL COUNSEL & COMPANY SECRETARY

Andrew brings 24 years’ legal experience to Metlifecare, having worked in leading law firms in London and in-house at Beca, prior to joining the Company in 2007.

He heads the legal and settlements teams and has dual responsibility for leading legal compliance and corporate governance, as well as leading the Company’s acquisitions, disposals and corporate transactions.

“I’m passionate about supporting the Company’s operational teams to deliver first-class service to customers in innovative ways, leadership of a high-performing team and driving value to our shareholders.”

CHARLIE ANDERSON BCM OUTGOING 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 during his career. Charlie and his team are responsible for achieving Metlifecare’s growth objectives through the acquisition and development of new sites to the delivery of well-designed villages.

“I’m passionate about creating villages with a real point of difference, through design innovation, building quality and strong connections with local communities. We endeavour to create places that anyone would want to live in, not just our residents.”

* Charlie has resigned and finishes in September 2019

5 YEAR PERFORMANCE SUMMARY

YEAR ENDING 30 JUNE (NZ\$m)	FY19	FY18	FY17	FY16	FY15
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OPERATING PERFORMANCE

Resales of occupation rights	354	343	321	401 ²	367 ²
New sales of occupation rights	116	98	130	138	82
Total sales of occupation rights	470	441	451	539	449
New homes completed	112	185	187	73	133
New care beds completed	70	69	48	35	-
Total development completed	182	254	235	108	133
Total homes in portfolio	4478	4380	4198	4025	4033
Total care beds in portfolio	440	370	342	354	359

FINANCIAL PERFORMANCE

Total Revenue (\$m)	131.0	114.9	109.0	106.0	101.5
Underlying Profit ¹ (\$m)	90.5	87.2	82.0	66.1	52.4
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 ¹ (\$m)	55.9	54.8	52.1	50.6	34.5
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)	11.00	10.00	8.05	5.75	4.50
Loan to Value Ratio	15%	9%	5%	7%	6%

¹ These are non-GAAP measures.

² Excludes Wairarapa

CORPORATE GOVERNANCE STATEMENT

This statement is a summary of the Corporate Governance Statement approved by the Board of Directors (the Board) of Metlifecare Limited (the Company) on 5 September 2019. The full statement is available at: www.metlifecare.co.nz/investor-centre/charters-policies

The Board of directors of Metlifecare (“the Board”) is responsible for promoting the success of Metlifecare and its subsidiaries in its role as one of the leading retirement village operators in New Zealand in a way which ensures that the interests of shareholders and stakeholders are promoted and protected. The Board believes that strong principles of corporate governance protect and enhance the assets of the Company for the benefit of all shareholders. The Company's governance policies provide guidance for the effective oversight of the Company by the Board on behalf of its shareholders, employees and other material stakeholders.

Metlifecare's Board and Committee charters and policies, NZX releases, annual and interim reports and other material are available on the Company's website at www.metlifecare.co.nz/investor-centre.

CODE OF ETHICS

The Code of Ethics describes the practices that all directors, employees and contractors are expected to follow to ensure that high standards of corporate and individual behaviour are observed. It governs the conduct of the Company and includes details on the responsibility of employees to report concerns.

The Conflicts of Interest Policy details the process to be adopted in relation to potential conflicts of interest.

SHARE TRADING

The Trading Policy addresses the Company's requirements for all employees and representatives of the Company in relation to trading in Metlifecare's shares. The fundamental rule in the policy is that insider trading is prohibited at all times. The requirements of the policy are separate from, and in addition to, the legal prohibitions on insider trading in New Zealand.

Directors are encouraged rather than required to own Metlifecare shares.

BOARD

The Board has adopted a formal Board Charter that details the Board's roles and responsibilities. Broadly these are to:

- Set strategy, review business and financial plans and monitor management's performance against those benchmarks, ensuring adequate resources are made available
- Appoint, provide counsel to and review the performance of the CEO
- Approve senior executive appointments, remuneration and consider succession
- Ensure that an effective risk management framework is operating
- Set the capital structure, approve major investments and divestments, and approve and monitor financial reporting
- Lead all aspects of governance including setting ethical standards, reviewing conduct, and assessing the Board's effectiveness in carrying out its functions

The Board schedules a minimum of six meetings each year. An annual work programme, set out in the Board Charter, and a standing agenda, together with written reports and presentations from the CEO and senior management, address and update directors on strategy and operational matters.

SKILLS OF THE BOARD

The Board has determined that to operate effectively and to meet its responsibilities it requires competencies in disciplines including governance, aged care, property, finance and capital markets, risk and compliance, legal and regulatory and people. The current mix of skills and experience is considered appropriate for the responsibilities and requirements of governing the Company.

INDEPENDENT DIRECTORS

The Board has seven non-executive directors. The Board has determined that as at 5 September 2019 the following five directors are independent: Kim Ellis, Chris Aiken, Mark Binns, Alistair Ryan and Rod Snodgrass. All five directors have independent status as they are not executive officers of Metlifecare and they do not have a Disqualifying Relationship (as that term is defined in the NZX Listing Rules).

The Board has determined that there are two non-independent directors, being Carolyn Steele and Dr Noeline Whitehead. Carolyn Steele is considered to be non-independent due to her being deemed a representative of the New Zealand Superannuation Fund (a substantial product holder of Metlifecare). Dr Noeline Whitehead is now deemed to be non-independent due to her close family ties (mother) with Executive member Tanya Bish - under the new NZX Listing Rules this is cited as a factor impacting a director's independence. Dr Noeline Whitehead was an independent director as at 30 June 2019 (under the former NZX Listing Rules).

The roles of Chair, Chair of the Audit & Risk Committee and CEO are not held by the same person.

The Board does not have a tenure policy, however the current directors have served periods of time which are considered appropriate.

DIRECTOR DEVELOPMENT

The Board's annual work programme includes an extensive programme of village visits. Directors are encouraged to undertake continuing education and development of further skills to remain current on how to best perform their duties as directors of an issuer.

New directors are provided with a letter of appointment setting out the Board's expectations of them, copies of key Company documents, an introduction to the activities of the group including its portfolio of villages and the opportunity to meet with and ask questions of management.

DIVERSITY

A focus on diversity throughout the organisation recognises that a diversified work force (including at Board and management levels) contributes to improved business performance, enables innovation and is fair to all. The CEO and General Manager Human Resources have responsibility for implementing the policy across the organisation. The measurement of diversity objectives will be an area of increased focus in the 2020 financial year.

The gender breakdown of the Board and employees is as follows:

	as at 30 June 2019		as at 30 June 2018	
	Male	Female	Male	Female
Board	5	2	5	2
Officers/ Executives	5	4	5	4
Employees	260	889	262	846

BOARD AND SENIOR MANAGEMENT PERFORMANCE

Every two years the Board engages an external provider to undertake a performance evaluation. The most recent review was conducted between May and September 2018.

The People & Remuneration Committee annually reviews the CEO’s performance and makes recommendations to the Board on remuneration of the CEO and members of the Executive Team. The CEO reviews the performance of Executive Team members.

BOARD COMMITTEES

The Board operates five standing committees which operate under the following Charters approved by the Board:

- Audit & Risk Committee Charter
- Development Committee Charter
- Nominations & Corporate Governance Committee Charter
- People & Remuneration Committee Charter
- Resident Experience & Care Committee Charter

Each Committee annually agrees a programme of matters to be addressed over the following twelve-month period. Proceedings of all Committee meetings are reported to the Board and minutes of all Committee meetings are made available to directors.

The Audit & Risk Committee assists the Board in fulfilling its responsibilities by overseeing, reviewing and providing advice to the Board relating to financial information and reporting, compliance with continuous disclosure and other regulatory requirements, audit functions and risk management.

The Development Committee is responsible for monitoring future site opportunities, new developments, remediation, refurbishment and long-term maintenance works, product and services safety together with health and safety in the development environment.

The Nominations & Corporate Governance Committee is responsible for the director appointment process and corporate governance principles.

The People & Remuneration Committee is responsible for matters related to people strategies and issues and remuneration.

The Resident Experience & Care Committee is responsible for the governance and oversight of the customer experience, the provision of care services to residents, and the safe operation of the care and village environments.

Each Committee undertakes regular self-reviews initiated by their chair and reports back to the Board. Additionally, all directors are encouraged to, and regularly do, attend meetings of Committees that they are not a member of.

TAKEOVERS

The Board has a Takeover Response Manual that establishes protocol that will apply if there is a takeover offer for Metlifecare. The manual is reviewed and updated at least annually. The Board has also considered the Company’s valuation model that provides an indicative value of Metlifecare.

REPORTING AND DISCLOSURE

The Board is committed to reporting Metlifecare’s financial and non-financial information in an objective, balanced, and clear manner. The Annual Report is an important document for communicating financial performance as well as updating on progress with Metlifecare’s non-financial performance including strategy and operations. Commentary on key non-financial matters is available in the Chair and CEO report on pages 11 to 14.

Information on Metlifecare’s approach to identifying and managing its environmental, social and governance risks is set out on pages 41 and 42.

As a listed company Metlifecare must ensure its financial and other information is reliable and of high quality, allowing compliance with the NZX Rules and the ASX Rules. The Market Disclosure Policy and Shareholder Communications Policy set out a framework to ensure compliance with the Listing Rules.

Directors are responsible on behalf of the Company for the preparation and fair presentation of the financial statements. The CEO, CFO and General Counsel/Company Secretary provide the Board with a confirmation that the financial statements comply with the requirements of the Financial Markets Conduct Act 2013.

REMUNERATION

A full report on remuneration is set out on pages 105 and 106. CEO remuneration is the responsibility of the People & Remuneration Committee. Executive remuneration recommendations are made to the Committee by the CEO. Packages include a base salary and an ‘at risk’ Short Term Incentive (STI) linked to specific strategic goals.

A “rights based” Employee Share Scheme with a three-year

test period is being introduced in 2019. Several tranches of the legacy Long Term Incentive Plan are yet to vest.

The director remuneration pool of \$723,000 was approved at the 2017 Annual Shareholders’ Meeting. A breakdown of the fees is set out on page 102. Directors do not currently receive any remuneration in the form of Metlifecare shares.

RISK MANAGEMENT AND AUDIT

Management of risk is a high priority to ensure the protection of the Group’s staff, the environment, Company assets and reputation. The Company has a comprehensive risk management system in place which is used to identify and manage all risks. The Audit & Risk Committee oversees the external and internal audits programmes. Management reports regularly on specific high-level risk management issues.

The Audit & Risk Committee has responsibility for ensuring the independence of the external auditor. Samuel Shuttleworth from PwC has been Metlifecare’s external auditor since 2019. The fee paid to the auditor in 2019 for audit services was \$469,000. The fee for approved non-audit services was \$203,000. The auditor is regularly invited to meet with the Audit & Risk Committee,

including without management present.

SHAREHOLDER RELATIONS

The Shareholder Communications Policy sets out a framework to enable shareholders to engage with the Company in an informed manner and for market participants to be able to make assessments of the Company’s prospects and value. A comprehensive set of information is released to the NZX and ASX and is available in the Investor section of the Company’s website.

The Market Disclosure Policy sets out the procedures that are followed to ensure that, consistent with legal and regulatory requirements, market releases are timely, orderly, and accurate and that all parties in the investment community have similar access to information.

The Company issues its Notices of Meeting at least 20 working days prior to the annual meeting(s) of shareholders. Voting at the meeting is conducted by poll. The Board is committed to ensuring that shareholders have the right to vote on major decisions.



The loop walk close to Orion Point



GROUP FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019





Consolidated Statement of Comprehensive Income

For the year ended 30 June 2019

\$000	Note	30 June 2019	30 June 2018 ¹
Income			
Operating revenue	2.1	124,280	114,759
Other income	2.3	6,500	-
Interest income		248	184
Total income		131,028	114,943
Change in fair value of investment properties	3.1	53,860	132,696
Share of profit arising from joint venture, net of tax		151	1,951
Expenses			
Employee costs		(53,057)	(49,656)
Property costs	2.2	(28,933)	(24,689)
Other expenses	2.2	(29,242)	(25,045)
Change in fair value of residents' share of capital gains		(3,644)	(4,663)
Impairment	3.3	(16,317)	(3,849)
Depreciation	3.3	(4,971)	(3,539)
Amortisation		(833)	(631)
Finance costs	4.6	(1,874)	(264)
Total expenses		(138,871)	(112,336)
Profit before income tax		46,168	137,254
Income tax expense	6.1	(6,935)	(14,672)
Profit for the year		39,233	122,582
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Loss on cash flow hedges	6.5	(799)	(313)
Items that will not be reclassified to profit or loss:			
Share of other comprehensive income arising from joint venture, net of tax		(11)	22
Gain on revaluation of care homes, net of tax	4.5	498	364
Other comprehensive (loss) / income, net of tax		(312)	73
Total comprehensive income		38,921	122,655
Profit attributable to shareholders of the parent company			
		39,233	122,582
Total comprehensive income attributable to shareholders of the parent company			
		38,921	122,655
Profit per share for profit attributable to the equity holders of the company during the year			
Basic (cents)	4.2	18.4	57.6
Diluted (cents)	4.2	18.4	57.5

¹ See note 1.5 for details regarding the restatement of change in fair value of investment properties for the year ended 30 June 2018 and note 5 for details about restatements for changes in accounting policies.

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Movements in Equity

For the year ended 30 June 2019

\$000	Note	Contributed Equity	Retained Earnings	Hedging Reserve	Revaluation Reserve	Employee Share Scheme Reserve	Total Equity
Balance at 1 July 2017		306,895	1,055,906	-	7,009	378	1,370,188
Restatement ¹	1.5	-	(5,727)	-	-	-	(5,727)
Changes in accounting policies ¹	5	-	87	-	-	-	87
Restated balance at 1 July 2017		306,895	1,050,266	-	7,009	378	1,364,548
Comprehensive income / (loss)							
Profit for the year ¹		-	122,582	-	-	-	122,582
Other comprehensive income / (loss)		-	-	(313)	386	-	73
Total comprehensive income / (loss)		-	122,582	(313)	386	-	122,655
Employee share scheme	4.4	-	-	-	-	210	210
Transfer from employee share scheme reserve	4.4	129	-	-	-	(129)	-
Transfer from revaluation reserve		-	345	-	(345)	-	-
Dividends paid to shareholders	4.3	-	(19,281)	-	-	-	(19,281)
Balance at 30 June 2018		307,024	1,153,912	(313)	7,050	459	1,468,132
Balance at 1 July 2018		307,024	1,153,912	(313)	7,050	459	1,468,132
Comprehensive income / (loss)							
Profit for the year		-	39,233	-	-	-	39,233
Other comprehensive income / (loss)		-	-	(799)	487	-	(312)
Total comprehensive income / (loss)		-	39,233	(799)	487	-	38,921
Employee share scheme	4.4	-	-	-	-	307	307
Transfer from employee share scheme reserve	4.4	113	8	-	-	(121)	-
Dividends paid to shareholders	4.3	-	(22,385)	-	-	-	(22,385)
Balance at 30 June 2019		307,137	1,170,768	(1,112)	7,537	645	1,484,975

¹ See note 1.5 for details regarding the restatement of change in fair value of investment properties and note 5 for details about restatements for changes in accounting policies.

The above consolidated statement of movements in equity should be read in conjunction with the accompanying notes.

Consolidated Balance Sheet

as at 30 June 2019

\$000	Note	30 June 2019	30 June 2018 ¹	1 July 2017 ¹
Assets				
Cash and cash equivalents		3,431	16,298	2,933
Trade receivables and other assets	6.2	23,477	20,870	8,766
Property, plant and equipment	3.3	53,393	54,769	50,671
Intangible assets		1,000	1,206	1,453
Investment properties	3.1	3,423,615	3,182,632	2,885,291
Investment in joint venture		10,788	10,846	9,746
Total assets		3,515,704	3,286,621	2,958,860
Liabilities				
Trade and other payables	6.3	41,290	72,034	49,893
Derivative financial instruments	6.5	1,545	434	-
Interest bearing liabilities	4.6	279,208	156,787	75,410
Deferred management fees		126,271	116,953	106,183
Refundable occupation right agreements	3.2	1,458,439	1,355,108	1,260,187
Deferred tax liability	6.1	123,976	117,173	102,639
Total liabilities		2,030,729	1,818,489	1,594,312
Net assets		1,484,975	1,468,132	1,364,548
Equity				
Contributed equity	4.1	307,137	307,024	306,895
Reserves		7,070	7,196	7,387
Retained earnings		1,170,768	1,153,912	1,050,266
Total equity		1,484,975	1,468,132	1,364,548

¹ See note 1.5 for details regarding the restatement of investment properties at 30 June 2018 and note 5 for details about restatements for changes in accounting policies.

The Group Financial Statements presented are signed for and on behalf of Metlifecare Limited and were authorised by the Board for issue on 26 August 2019.



K. R. Ellis
Chair
26 August 2019



A. B. Ryan
Director
26 August 2019

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

Consolidated Cash Flow Statement

For the year ended 30 June 2019

\$000	30 June 2019	30 June 2018 ¹
Cash flows from operating activities		
Receipts from residents for management fees	29,937	26,205
Receipts from residents for village and care fees	69,041	61,860
Receipts from residents for sale of new refundable occupation right agreements	74,437	61,836
Receipts from residents for resale of refundable occupation right agreements	207,585	183,599
Payments to residents for refundable occupation right agreements	(146,802)	(111,009)
Payments to suppliers and employees	(112,354)	(99,230)
Net GST received	976	882
Interest received	346	114
Interest paid	(1,955)	(256)
Net buyback costs for off-market units associated with regeneration and remediation	(1,308)	(12,975)
Net cash inflow from operating activities	119,903	111,026
Cash flows from investing activities		
Net (advances to) / repayments from joint venture	(106)	197
Dividends received from joint venture	75	875
Payments for property, plant and equipment	(16,652)	(11,463)
Payments for intangibles	(627)	(381)
Payments for investment properties	(213,742)	(143,570)
Capitalised interest paid	(8,415)	(5,453)
Receipts from settlement income	6,500	-
Net cash outflow from investing activities	(232,967)	(159,795)
Cash flows from financing activities		
Dividends paid	(22,385)	(19,281)
Net proceeds from borrowings	123,135	81,767
Principal payments of lease liabilities	(553)	(352)
Net cash inflow from financing activities	100,197	62,134
Net (decrease) / increase in cash and cash equivalents	(12,867)	13,365
Cash and cash equivalents at the beginning of the financial year	16,298	2,933
Cash and cash equivalents at the end of the financial year	3,431	16,298

¹ See note 5 for details about restatements for changes in accounting policies.

The above consolidated cash flow statement should be read in conjunction with the accompanying notes.

Consolidated Cash Flow Statement (continued)

For the year ended 30 June 2019

Reconciliation of Profit after Tax with Net Cash Inflow from Operating Activities

\$000	30 June 2019	30 June 2018 ¹
Profit after tax	39,233	122,582
Adjustments for:		
Change in fair value of investment properties	(53,860)	(132,696)
Change in the fair value of residents' share of capital gains	3,644	4,663
Employee share scheme	307	210
Depreciation and impairment	21,288	7,388
Amortisation	833	631
Deferred tax expense	6,921	14,652
Loss on disposal of property, plant and equipment	201	471
Share of profit arising from joint venture, net of tax	(151)	(1,951)
Items classified as investing activities:		
Other income	(6,500)	-
Changes in working capital relating to operating activities:		
Trade receivables and other assets	(2,621)	(6,191)
Trade and other payables	917	910
Deferred management fees	9,311	10,773
Refundable occupation right agreements	100,380	89,584
Net cash inflow from operating activities	119,903	111,026

¹ See note 1.5 for details regarding the restatement of change in fair value of investment properties for the year ended 30 June 2018 and note 5 for details about restatements for changes in accounting policies.

The above consolidated cash flow statement should be read in conjunction with the accompanying notes.

Notes to the Group Financial Statements

1 GENERAL INFORMATION

This section outlines the basis upon which the Group Financial Statements are prepared. Specific accounting policies are outlined in the note to which they relate.

1.1 Reporting entity

The Group Financial Statements presented are for Metlifecare Limited ("the Company") and its subsidiaries (together "the Group") as at 30 June 2019. The Group owns and operates retirement villages in New Zealand. Metlifecare Limited is a limited liability company, incorporated and domiciled in New Zealand. The address of its registered office is Level 4, 20 Kent Street, Newmarket, Auckland 1023.

The Group is designated as a 'for profit' entity for financial reporting purposes.

1.2 Going concern

In approving these Group Financial Statements for issue the directors have considered and concluded that in the absence of any unanticipated deterioration of the Group's operating performance the Group will continue to meet all obligations under the funding facilities, including compliance with financial covenants and maintaining sufficient levels of liquidity.

The directors, in concluding, considered the following:

- the Group's cash flow forecast for the period 12 months from the date of signing of the financial statements;
- recent past performance in light of the underlying economic environment;
- forecast covenant compliance; and
- available undrawn limits under the Core, Development and Working Capital Facilities.

Having regard to all the matters noted above, the directors believe it remains appropriate that the Group Financial Statements have been prepared under the going concern convention.

1.3 Basis of preparation

The principal accounting policies adopted in the preparation of these Group Financial Statements are set out below and in the relevant note disclosures. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Statutory base

Metlifecare Limited is a company registered under the Companies Act 1993 and is a FMC Reporting Entity in terms of Part 7 of the Financial Markets Conduct Act 2013. The Company is also listed on the NZX Main Board (NZX), and the Australian Securities Exchange (ASX) as a Foreign Exempt Listing. The Group Financial Statements have been prepared in accordance with the requirements of Part 7 of the Financial Markets Conduct Act 2013, the NZX Main Board Listing Rules and the ASX Listing Rules.

These Group Financial Statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable New Zealand Financial Reporting Standards and authoritative notices, as appropriate for for-profit entities. They comply with International Financial Reporting Standards (IFRS). The Group is a Tier 1 for-profit entity in accordance with XRB A1.

The balance sheet for the Group is presented on the liquidity basis where the assets and liabilities are presented in the order of their liquidity.

Historical cost convention

These Group Financial Statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, care homes and derivative financial instruments.

Notes to the Group Financial Statements

1 GENERAL INFORMATION (continued)

1.4 Goods and Services Tax (GST)

All amounts are shown exclusive of goods and services tax (GST), other than trade receivables and trade payables, except where the amount of GST incurred is not recoverable from the taxation authority. When this occurs the GST is recognised as part of the cost of the asset or as an expense, as applicable.

1.5 Comparative information

Where necessary, certain comparative information has been reclassified to conform to changes in presentation in the current year. Refer to note 5 for the impact of the changes in accounting policies on the adoption of mandatory new and amended NZ IFRS Standards and Interpretations during the year.

The valuation of investment properties incorporates cash flows for certain assets and liabilities within the Valuer's discounted cash flow model that are already recognised separately on the balance sheet and accordingly need to be adjusted for in determining the fair value of investment properties. The Group has identified in the current year that the fair value of investment properties determined by the Valuer included loans extended to residents to help facilitate their transfer from independent living units to serviced apartments. The value of the loans was separately recognised on the balance sheet but not adjusted for in determining the fair value of investment properties in the prior periods. As a consequence, the comparative periods have been restated as summarised by the following: the fair value of investment properties at 30 June 2018 has decreased by \$8.2m (1 July 2017: decreased by \$5.6m), the change in fair value of investment properties for the year ended 30 June 2018 has decreased by \$2.6m with a reduction in retained earnings at 30 June 2018 of \$8.3m (1 July 2017: decreased by \$5.7m). This adjustment has reduced net tangible assets at 30 June 2018 by 4 cents per share, and basic and diluted earnings per share by 1.2 cents. There was no impact on the cash flows or underlying profit for the year ended 30 June 2018.

1.6 Critical judgements, estimates and assumptions

The preparation of financial statements in accordance with NZ GAAP requires the use of certain critical accounting estimates and judgements. It also requires management to exercise its judgement based on historical experience and other factors, including expectations of future events, that are believed to be reasonable under the circumstances in the process of applying the Group's accounting policies.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Group Financial Statements are as follows:

- Revenue recognition - management fees (note 2.1)
- Fair value of investment properties (note 3.1) and care homes (note 3.3)
- Deferred tax (note 6.1).

1.7 Fair value hierarchy

The Group measures investment property, care homes and interest rate swaps at fair value. The Group classifies its fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2)
- Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs) (Level 3).

The level in the fair value hierarchy within which the fair value measurement is categorised is determined on the basis of the lowest input to the fair value measurement. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, the measurement is a Level 3 measurement.

Notes to the Group Financial Statements

1 GENERAL INFORMATION (continued)

1.8 Foreign currency translation

Functional and presentation currency

Both the functional and presentation currency of Metlifecare Limited and its subsidiaries is New Zealand dollars (\$).

Transactions and balances

Foreign currency transactions are translated into New Zealand dollars using the exchange rates prevailing at the transaction date. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in the consolidated statement of comprehensive income of each Group entity.

1.9 Notes to the Group Financial Statements

The notes include information which is required to understand the Group Financial Statements and is material and relevant to the operations, financial position and performance of the Group. The notes to the Group Financial Statements are organised into the following sections:

2 Operating performance

2.1	Operating revenue	Page 64
2.2	Expenses	Page 65
2.3	Underlying Profit before taxation	Page 66

3 Investment property and other assets

3.1	Investment properties	Page 67
3.2	Refundable occupation right agreements	Page 70
3.3	Property, plant and equipment	Page 71

4 Shareholders' equity and funding

4.1	Contributed equity	Page 74
4.2	Earnings per share	Page 75
4.3	Dividends	Page 75
4.4	Share-based payments	Page 76
4.5	Reserves	Page 77
4.6	Interest bearing liabilities	Page 77

5 Changes in Accounting Policies

5.1	NZ IFRS 9 <i>Financial Instruments</i>	Page 79
5.2	NZ IFRS 15 <i>Revenue from Contracts with Customers</i>	Page 79
5.3	NZ IFRS 16 <i>Leases</i>	Page 79

6 Other disclosures

6.1	Income tax expense	Page 82
6.2	Trade receivables and other assets	Page 85
6.3	Trade and other payables	Page 85
6.4	Financial instruments	Page 86
6.5	Financial risk management	Page 86
6.6	Related party transactions	Page 89
6.7	Segment information	Page 90
6.8	Commitments	Page 90
6.9	Contingencies	Page 90
6.10	Subsequent events	Page 90
6.11	Subsidiaries of the group and joint venture investment	Page 90

Notes to the Group Financial Statements

2 OPERATING PERFORMANCE

This section provides additional information about individual line items in the Group Financial Statements that the directors consider most relevant in the context of the operating performance of the Group including: revenue, property, corporate and administration expenses.

This section also includes Underlying Profit before taxation, a non-GAAP financial measure. Retirement village operators may present Underlying Profit as an alternative profit measure to assist with measuring operating and development performance. As this is a non-GAAP financial measure, there are likely to be inconsistencies in the calculation of this alternative performance measure with other retirement village operators.

2.1 Operating Revenue

	30 June 2019	30 June 2018
\$000		
Management fees	55,460	52,041
Rest home, hospital and service fees	35,783	31,097
Village fees	29,615	28,840
Other revenue	3,422	2,781
	124,280	114,759

Revenue recognition

Revenue comprises the fair value of services provided, net of goods and services tax. Revenue is recognised as follows:

Management fees

Occupation right agreements confer the right to occupancy of a unit or serviced apartment and are considered leases under NZ IFRS 16. A management fee is payable by the residents of the Group's independent living units and serviced apartments for the right to share in the use and enjoyment of common facilities. The management fee is calculated as a percentage of the occupation right agreement amount and accrues monthly, for a set period, based on the terms of the individual contracts. The current disclosure statement and occupation right agreement accrues management fees at the rate of 10% per annum for a maximum of three years.

The timing of the recognition of management fees as lease income is a critical accounting estimate and judgement. The management fee is recognised on a straight-line basis in the statement of comprehensive income over the average expected length of stay of residents, which is 8 years for independent living units and 4 years for serviced apartments in the years ended 30 June 2019 and 2018. At 30 June 2019, it is estimated that an increase of the average expected length of stay of residents by one year would reduce management fee revenue by \$1.2m (2018: \$1.2m) and a decrease of one year would increase management fee revenue by \$1.8m (2018: \$1.2m).

The management fee is payable in cash by the resident at the time of repayment (to the resident) of the refundable occupation right agreement amount due. The Group has the right of set-off of the refundable occupation right agreement amount and the management fee receivable.

At year end, the management fee receivable that has yet to be recognised in the statement of comprehensive income as management fee revenue is recognised as a deferred management fee liability on the balance sheet.

Rest home, hospital and service fees

Rest home, hospital and service fee charges are governed by the individual care admission agreements of each care resident. Revenue is recognised based on the daily fees charged, which reflects the point in time the goods or services are provided to the care resident.

Notes to the Group Financial Statements

2 OPERATING PERFORMANCE (continued)

2.1 Operating Revenue (continued)

Village fees

Village fees are detailed within each resident's occupation right agreement and relate to the operating costs of the village. Revenue is recognised based on the weekly fees charged, reflecting the period a resident has occupied a unit or serviced apartment.

Other revenue

Other revenue for the Group includes resident refurbishment recoveries and administration fees collected on occupation right agreement contracts issued prior to 2006. Revenue is recognised at the point in time the services are provided and agreed to by the resident.

Information about major customers

Revenues from the Group's largest customer, the New Zealand Government, is included in total revenue. This includes care fee revenue from eligible Government subsidised aged care residents who receive rest home or hospital level care. Revenue received from the Ministry of Health included in rest home, hospital and service fees, and villages fees amounted to \$12.2m (2018: \$10.4m).

2.2 Expenses

\$000	30 June 2019	30 June 2018
Profit before income tax includes the following expenses:		
<i>Property costs</i>		
Utilities and other property costs	12,436	12,068
Repairs and maintenance on investment properties	15,246	11,660
Repairs and maintenance on property, plant, furniture and equipment	1,251	961
Total property costs	28,933	24,689
<i>Other expenses</i>		
Resident costs	6,488	6,256
Marketing and promotion	7,643	5,592
Other employment costs	2,816	2,268
Communication costs	3,310	2,920
Loss on disposal of property, plant and equipment	201	471
Donations	38	48
Other village operating expenses	3,798	3,336
Other operating expenses	4,390	3,579
<i>Fees paid to PricewaterhouseCoopers New Zealand</i>		
Audit and review of financial statements	469	477
Debt and treasury advisory services	114	-
Tax compliance services	35	16
Executive remuneration benchmarking advisory services	54	59
Strategic procurement advisory services	-	23
Total fees paid to PricewaterhouseCoopers New Zealand	672	575
Debt and treasury advisory services costs capitalised	(114)	-
Total expensed fees paid to PricewaterhouseCoopers New Zealand	558	575
Total other expenses	29,242	25,045

Other employment costs include staff related costs such as staff training, and uniforms.

Fees paid to PricewaterhouseCoopers New Zealand for the audit and review of financial statements include \$113,000 of incremental audit fees for the separate audit of each individual retirement village within the consolidated group using materiality thresholds based on the financial result of each individual retirement village.

Notes to the Group Financial Statements

2 OPERATING PERFORMANCE (continued)

2.3 Underlying Profit before taxation

\$000	30 June 2019	30 June 2018
Profit for the year	39,233	122,582
<i>Less non-recurring items:</i>		
Other income - settlement receipt	(6,500)	-
Profit for the year excluding non-recurring items	32,733	122,582
<i>Less:</i>		
Change in fair value of investment properties	(53,860)	(132,696)
<i>Add:</i>		
Impairment of property, plant and equipment	16,317	3,849
Realised resale gains	71,489	62,309
Realised development margin	16,883	16,435
Tax expense	6,935	14,672
Underlying Profit before taxation	90,497	87,151

Underlying Profit before taxation, calculated consistently year-on-year, is determined from the net profit after tax of the Group adjusted for the impact of the following:

- (a) **Non-recurring items:** those items that do not relate to the ordinary activities and are not expected to recur with regularity.
- **Other income - settlement receipt:** in December 2018 an agreement was reached for a settlement of \$6.5m associated with building matters on certain buildings. The settlement amount of \$6.5m was received in January 2019. The resulting income does not form part of the recurring operating performance of the business.
- (b) **Change in fair value of investment properties:** unrealised non-cash valuation changes (refer to note 3.1).
- (c) **Impairment of property, plant and equipment:** impairments, and subsequent reversals of impairment losses, associated with care home valuation changes are excluded as the Group is in the business of owning and operating care homes, not constructing the asset for resale (refer to note 3.3).
- (d) **Realised resale gains:** the realised increase in value from the resale of occupation right agreements during the year. 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.
- (e) **Realised development margin:** represents the development margins delivered from the first time sale of occupation right agreements. Realised development margin is the margin obtained on settlement from the first time sale of an occupation right agreement following the development of the unit. The margin calculation is based on the actual selling price of individual units settled during the year and includes the following costs:
- directly attributable construction costs;
 - a prorate apportionment of land on the basis of the historical cost or purchase price of the land;
 - a prorate share of infrastructure costs specific to a stage;
 - non-recoverable GST; and
 - capitalised interest to the date of completion on costs attributed to the unit.
- Margins are calculated based on when a stage is completed.
- Construction costs, land and infrastructure, non-recoverable GST and capitalised interest associated with common areas (including management offices), amenities and any care facilities are excluded from the costs above when the development margin is calculated. These areas are excluded as they are assets that support the sale of occupation rights for all subsequent resales, rather than just the first time sale.
- (f) **Tax expense:** the impact of current and deferred taxation is removed (refer to note 6.1).

Notes to the Group Financial Statements

3 INVESTMENT PROPERTY AND OTHER ASSETS

This section shows the retirement village investment property assets, related liabilities for resident occupation right agreements and other property assets which are considered to be the most relevant to the operations of the Group.

3.1 Investment Properties

\$000	30 June 2019	30 June 2018 ¹
Opening balance	3,182,632	2,885,291
Capitalised subsequent expenditure	187,304	166,837
Transfer to property, plant and equipment	-	(1,353)
Investment property disposed of	(181)	(839)
Change in fair value recognised during the year	53,860	132,696
Closing balance	3,423,615	3,182,632

¹ See note 1.5 for details regarding the restatement of change in fair value of investment properties for the year ended 30 June 2018.

Investment properties are categorised as follows:

\$000	30 June 2019	30 June 2018
Development land	147,098	122,987
Retirement villages under development	72,550	36,551
Retirement villages	3,203,967	3,023,094
Total investment properties	3,423,615	3,182,632

Investment properties

Investment properties include completed freehold land and buildings, freehold development land and buildings under development comprising independent living units, serviced apartments and common facilities, provided for use by residents under the terms of the occupation right agreement. Investment properties are held for long-term yields.

Valuation processes

CBRE Limited (CBRE) undertook the valuation of investment properties in accordance with professional valuation standards for all the reporting periods presented. CBRE's principal valuer, Michael Gunn, is an independent registered valuer and associate of the New Zealand Institute of Valuers and is appropriately qualified and experienced in valuing retirement village properties in New Zealand. The Group verifies all major inputs to the independent valuation reports. The fair value as determined by CBRE is adjusted for assets and liabilities already recognised in the balance sheet which are also reflected in the discounted cash flow model.

Disposals

In the year ended 30 June 2018 the New Zealand Transport Authority requisitioned small parcels of land owned by the Group located in Albany and at the Greenwich Gardens village.

Development land

Development land is comprised of a standalone title and/or part of the principal site. Where the development land is a standalone title CBRE has ascribed a value which can be captured independently, if desired, from the overall village. Where the development land is part of the principal site, CBRE has identified if there is potential, be it planning or economic, to expand the village and has assessed a value accordingly. This latter value, whilst identified as surplus land value, cannot be independently captured.

Notes to the Group Financial Statements

3 INVESTMENT PROPERTY AND OTHER ASSETS (continued)

3.1 Investment Properties (continued)

Development land (continued)

Development land is valued based on recent comparable transactions. The Group's land values range between \$53 per square metre (psm) and \$1,201 psm (2018: \$52 psm and \$1,000 psm). An increase (decrease) in the psm rate would result in a higher (lower) fair value of development land.

As a general rule, CBRE has treated units in the early stages of construction, land with approvals and other vacant land clearly identified for future development as land for development in its highest and best use.

Retirement villages under development

Where the staged development still requires substantial work such that practical completion will not be achieved at or close to balance date, or the fair value of investment properties under development cannot be reliably determined at this point in time, the carrying amount of cost less any impairment is considered to be the fair value. Impairment is determined by considering the value of work in progress and management's estimate of the asset value on completion.

Unsold stock

Any developed but not yet sold stock (unsold stock) is valued based on recent comparable transactions, adjusted for disposal costs, holding costs and an allowance for profit and risk. This represents the fair value of the Group's interest in unsold stock at 30 June.

Retirement villages

To assess the market value of the Group's interest in a retirement village, CBRE has undertaken a cash flow analysis to derive a net present value. As the fair value of investment properties is determined using inputs that are significant and unobservable, the Group has categorised investment properties as Level 3 under the fair value hierarchy in accordance with NZ IFRS 13 *Fair Value Measurement*. The following significant assumptions have been used to determine the fair value:

Unobservable Input	2019	2018
Nominal growth rate - anticipated annual property price growth over the cash flow period 0 - 5 years	0% - 3.5%	0% - 3.5%
Nominal compound growth rate - anticipated annual property price growth over the cash flow period > 5 years	2.6% - 3.1%	2.6% - 3.1%
Pre-tax discount rate	12.5% - 16.5%	12.5% - 15.0%

The sensitivity of the fair value of investment property to changes in significant assumptions is set out in the table below.

	Adopted value *	Discount rate + 50 bp	Discount rate - 50 bp	Growth rates + 50 bp	Growth rates - 50 bp
30 June 2019	(ILU, SA, ILA)				
Valuation (\$000)	1,479,170				
Difference (\$000)		(53,640)	57,260	98,595	(77,287)
Difference (%)		(4%)	4%	7%	(5%)
30 June 2018	(ILU, SA, ILA)				
Valuation (\$000)	1,425,030				
Difference (\$000)		(51,370)	54,820	82,652	(82,652)
Difference (%)		(4%)	4%	6%	(6%)

* ILU (Independent Living Unit), SA (Serviced Apartment), ILA (Independent Living Apartment) excluding unsold stock. Retirement villages measured at fair value on pages 65 and 67 includes unsold stock.

Notes to the Group Financial Statements

3 INVESTMENT PROPERTY AND OTHER ASSETS (continued)

3.1 Investment Properties (continued)

The occupancy period is a significant component of the CBRE valuation and is driven from a Monte Carlo simulation. The simulations are dependent on the demographic profile of the village (age and gender of residents) and the reason for departing a unit. The resulting stabilised departing occupancy period is an estimate of the long run occupancy term for residents. An increase in the stabilised departing occupancy period will have a negative impact on the valuation and a decrease in the stabilised departing occupancy will have a positive impact on the valuation.

The valuation calculates the expected cash flows for a 20 year period (2018: 20 years) with stabilised departing occupancy assumptions set out below.

Stabilised departing occupancy - years	2019	2018
Serviced apartments	3.8 - 4.9	4.0 - 4.9
Independent living units and apartments	6.3 - 9.0	6.7 - 9.0

The CBRE valuation also includes within the forecast cash flows the Group's expected costs relating to any known or anticipated remediation works. The estimate of the gross cash flows included for remediation works is \$45.0m over a four year period (2018: \$44.1m over a five year period). The increase in the allowance for remediation works reflects further investigative work conducted over the period across the portfolio and updated estimates of the cost of the required works. The estimates are based on currently available information. CBRE has also included within the forecast cash flows the Group's expected costs associated with seismic strengthening works of \$1.4m (2018: \$1.4m).

Other relevant information

The valuation of investment properties is adjusted for cash flows relating to refundable occupation right agreements, residents' share of capital gains, loans to residents, deferred management fees and management fee receivables which are already recognised separately on the balance sheet and also reflected in the discounted cash flow model. A reconciliation between the valuation amount and the amount recognised on the balance sheet as investment properties is as follows:

\$000	30 June 2019	30 June 2018
Development land	147,098	122,987
Retirement villages under development	72,550	36,551
Retirement villages measured at fair value per CBRE	1,620,131	1,556,450
Investment properties at valuation	1,839,779	1,715,988
Plus: Liability to residents	2,022,260	1,865,632
Less: Receivable from residents	(438,424)	(398,988)
Total investment properties	3,423,615	3,182,632

Borrowing costs of \$8.4m (2018: \$5.5m) arising from financing drawn for the construction of investment properties and care homes under development were capitalised during the year. Average capitalisation rates of 3.64% per annum (2018: 3.55% per annum) were used, representing the borrowing costs of the loans used to finance the projects.

Registered mortgages or an encumbrance in favour of the statutory supervisors of the village-owning subsidiary companies are recognised as first charges over the freehold land of those companies to protect the interests of the residents in the event of failure by the subsidiary companies as operators of the villages to observe obligations under the deeds of supervision, occupation right agreements and lifecare agreements.

Metlifecare Limited holds a second registered mortgage and second registered general security agreement over its wholly-owned operating subsidiaries not currently engaged in the development of retirement villages to secure funding made available to each of these subsidiaries.

Notes to the Group Financial Statements

3 INVESTMENT PROPERTY AND OTHER ASSETS (continued)

3.2 Refundable Occupation Right Agreements

\$000	30 June 2019	30 June 2018
Refundable occupation right agreements	1,859,679	1,713,214
Residents' share of capital gains	34,927	35,465
Loans to residents	(19,775)	(12,163)
Management fees receivable	(416,392)	(381,408)
Total refundable occupation right agreements	1,458,439	1,355,108

Occupation right agreements confer the right to occupancy of the unit or serviced apartment and are considered leases under NZ IFRS 16. A new resident is charged a refundable security deposit, on being issued the right to occupy one of the Group's units or serviced apartments, which is refunded to the resident subject to a new occupation right agreement for the unit or serviced apartment being issued to an incoming resident, net of any amount owing to the Group. The Group has a legal right to set off any amounts owing to the Group by a resident against that resident's security deposit. Such amounts include management fees, rest home/hospital fees, loans receivable, service fees and village fees. As the refundable occupation right is repayable to the resident upon vacation (subject to a new occupation right agreement for the unit or serviced apartment being issued to an incoming resident), the fair value is equal to the face value, being the amount that can be refunded.

The right of residents to occupy the investment properties of the Group are protected by the statutory supervisor restricting the ability of the Group to fully control these assets without undergoing a consultation process with all affected parties.

Certain older occupation right agreements include the right to a proportion of the capital gain arising on resale. The amount of the capital gain relating to these agreements is recognised by way of a liability on the balance sheet.

Estimated maturity

In determining the fair value of the Group's investment properties CBRE estimates the established length of stay to be 6.3 - 9.0 years for independent living units (2018: 6.7 - 9.0 years); 7.4 - 8.7 years for independent living apartments (2018: 7.2 - 8.7 years); and 3.8 - 4.9 years for serviced apartments (2018: 4.0 - 4.9 years). Therefore, it is not expected that the full obligation to residents will fall due within one year. Based on historical and expected turnover calculations the estimated maturity of the total obligation refundable to residents is as follows:

\$000	30 June 2019	30 June 2018
Within 12 months	123,756	142,712
Beyond 12 months	1,334,683	1,212,396
	1,458,439	1,355,108

Notes to the Group Financial Statements

3 INVESTMENT PROPERTY AND OTHER ASSETS (continued)

3.3 Property, Plant and Equipment

\$000	Freehold Land & Buildings	Construction Work in Progress	Plant, Furniture & Equipment and Motor Vehicles	Right of Use Assets	Total
At 30 June 2017					
Cost or valuation	27,618	13,533	25,622	3,447	70,220
Accumulated depreciation and impairment losses	-	(1,200)	(17,327)	(1,022)	(19,549)
Net book value	27,618	12,333	8,295	2,425	50,671
Year ended 30 June 2018					
Opening net book amount	27,618	12,333	8,295	2,425	50,671
Revaluation of Care Homes	414	-	-	-	414
Transfers from investment properties	173	-	-	-	173
Additions	-	7,497	3,469	-	10,966
Transferred from construction work in progress	12,351	(13,318)	967	-	-
Disposals	-	-	(13)	-	(13)
Reduction in the revaluation of care homes	(54)	-	-	-	(54)
Impairment	(3,544)	(209)	(96)	-	(3,849)
Depreciation	(591)	-	(2,565)	(383)	(3,539)
Closing net book amount	36,367	6,303	10,057	2,042	54,769
At 30 June 2018					
Cost or valuation	36,367	6,512	29,956	3,447	76,282
Accumulated depreciation and impairment losses	-	(209)	(19,899)	(1,405)	(21,513)
Net book value	36,367	6,303	10,057	2,042	54,769
Year ended 30 June 2019					
Opening net book amount	36,367	6,303	10,057	2,042	54,769
Revaluation of Care Homes	691	-	-	-	691
Additions	1,001	15,673	2,612	-	19,286
Transferred from construction work in progress	13,721	(13,990)	269	-	-
Disposals	-	-	(65)	-	(65)
Impairment	(8,062)	(7,986)	(269)	-	(16,317)
Depreciation	(576)	-	(4,012)	(383)	(4,971)
Closing net book amount	43,142	-	8,592	1,659	53,393
At 30 June 2019					
Cost or valuation	43,142	-	32,772	3,447	79,361
Accumulated depreciation and impairment losses	-	-	(24,180)	(1,788)	(25,968)
Net book value	43,142	-	8,592	1,659	53,393

Notes to the Group Financial Statements

3 INVESTMENT PROPERTY AND OTHER ASSETS (continued)

3.3 Property, Plant and Equipment (continued)

Right-of-use assets relating to leases of office premises are capitalised and recognised within property, plant and equipment at the commencement date of the lease and comprise the initial lease liability, plus any initial indirect costs incurred and restoration costs, less any lease incentives received. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

All other property, plant and equipment is initially recorded at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes material and direct labour, and any other costs directly attributable to bringing the asset to its working condition for its intended use. Plant and equipment is subsequently measured at cost less accumulated depreciation and impairment losses, if any.

Subsequent to initial recognition, freehold land and buildings for care homes are carried at a revalued amount, which is the fair value at the date of the revaluation less any subsequent accumulated depreciation on buildings and accumulated impairment losses, if any, since the assets were last revalued. Fair value is determined by reference to market based evidence, which is the amount for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date.

Any revaluation surplus is recognised in other comprehensive income unless it reverses a revaluation decrease of the same asset previously recognised in the statement of comprehensive income. Any revaluation deficit is recognised in the statement of comprehensive income unless it directly offsets a previous surplus in the same asset in other comprehensive income. Any accumulated depreciation at revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings. Independent valuations are performed annually at the balance sheet date.

The Group's care homes encompassing freehold land and buildings were valued by the independent registered valuer, CBRE, for all reporting periods presented.

CBRE determined the fair value of all care home assets using an earnings-based multiple approach where the lower of actual or projected earnings before interest, tax, depreciation, amortisation and rent is capitalised at rates of between 11.0% to 14.0% (2018: 11.0% to 14.0%). The valuation prepared has been split between land, improvements, chattels, plant and goodwill to determine the fair value of the assets. Goodwill of \$8.2m (2018: \$5.6m) in respect of care home assets included in the CBRE valuation is not recognised in the Group Financial Statements. The revaluation, net of applicable deferred income taxes, was recognised in other comprehensive income and is shown in the Revaluation Reserve in shareholders' equity.

As the fair value of freehold land and buildings is determined using inputs that are unobservable, the Group has categorised property, plant and equipment as Level 3 under the fair value hierarchy in accordance with NZ IFRS 13 *Fair Value Measurement*.

The significant unobservable inputs used in the fair value measurement of the Group's portfolio of land and buildings are the capitalisation rates applied to individual unit earnings. A significant decrease (increase) in the capitalisation rate would result in a significantly higher (lower) fair value measurement.

Notes to the Group Financial Statements

3 INVESTMENT PROPERTY AND OTHER ASSETS (continued)

3.3 Property, Plant and Equipment (continued)

If freehold land and buildings were stated on a historical cost basis, the amounts would be as follows:

\$000	30 June 2019	30 June 2018
Net book value	32,201	27,392

Depreciation is provided on a straight line basis on property, plant and equipment, other than freehold land, at rates calculated to allocate the assets' cost or valuation, less estimated residual value, over their estimated useful lives, commencing from the time the assets are held ready for use, as follows:

- Freehold buildings	25 - 50 years
- Plant, furniture and equipment	3 - 10 years
- Motor vehicles	5 - 7 years

The residual values and useful lives of assets are reviewed, and adjusted if appropriate, at each balance sheet date.

Impairment of non-financial assets

Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the assets' carrying amount exceeds its recoverable amount, after reducing the carrying amount by any amount that the asset has been revalued. The recoverable amount is the higher of an assets' fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the statement of comprehensive income within other expenses.

An impairment loss, after reducing the carrying value of the assets by any associated revaluation, was recognised in the statement of comprehensive income in the depreciation and impairment line in respect to the following care homes:

\$000		30 June 2019	30 June 2018
Papamoa Beach	Final costs attributed to the construction of the care home exceeded the valuation performed on completion by CBRE excluding goodwill of \$1.1m.	7,508	-
The Avenues	Final costs attributed to the construction of the care home exceeded the valuation performed on completion by CBRE excluding goodwill of \$0.7m.	8,688	-
The Avenues	Reduction in the value of land related to the new care home being constructed.	-	209
Somervale	The final construction costs for the new care home opened in November 2017 exceeded the valuation performed on completion by CBRE.	633	3,919
	Total	16,829	4,128

In the year ended 30 June 2019 an impairment loss of \$512,000 in respect to a previously recognised impairment was reversed to reflect the increase in the valuation of the care home (2018: \$279,000).

Notes to the Group Financial Statements

4 SHAREHOLDERS' EQUITY AND FUNDING

This section includes disclosures related to the Group's capital structure and external funding arrangements.

4.1 Contributed Equity

	30 June 2019 Shares	30 June 2018 Shares	30 June 2019 \$000	30 June 2018 \$000
Total issued and fully paid up capital (including treasury shares)				
Balance at beginning of the year	213,132,290	213,005,909	307,024	306,895
Shares issued net of transaction costs	172,432	126,381	113	129
Balance at end of the year	213,304,722	213,132,290	307,137	307,024

	30 June 2019 Shares	30 June 2018 Shares
Treasury shares		
Balance at beginning of the year	397,028	320,319
Shares issued under the senior executive share plan	172,432	126,381
Shares vesting under the senior executive share plan	(46,532)	(49,672)
Balance at end of the year	522,928	397,028

	30 June 2019	30 June 2018 ¹
Net tangible assets per share (basic)	\$6.96	\$6.88

¹ See note 1.5 for details of the impact on net tangible assets per share relating to the restatement of change in fair value of investment properties for the year ended 30 June 2018.

Net tangible assets represents total assets less total liabilities less intangible assets. The shares on issue at the end of the year is used to calculate the net tangible assets per share.

All ordinary shares are authorised and rank equally with one vote attached to each fully paid ordinary share. The shares have no par value. Ordinary shares are classified as equity and are recognised net of incremental costs directly attributable to the issue of new shares. The Company incurred no transaction costs issuing shares during the year (2018: nil).

Treasury shares relate to shares issued under the senior executive share plan that are held on trust by the Group. These shares are accounted for as treasury shares by the Group until such time as they are cancelled or vest to members of the senior executive team. The vesting of these shares is subject to achievement of performance hurdles.

Notes to the Group Financial Statements

4 SHAREHOLDERS' EQUITY AND FUNDING (continued)

4.2 Earnings Per Share

Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders by the weighted average number of ordinary shares excluding treasury shares on issue during the year.

	30 June 2019	30 June 2018 ¹
Profit attributable to equity holders (\$000)	39,233	122,582
Weighted average number of ordinary shares on issue ('000s)	212,760	212,704
Basic earnings per share (cents)	18.4	57.6

Diluted

Diluted earnings per share is calculated by dividing the profit attributable to equity holders by the weighted average number of ordinary shares adjusted for any shares to be issued under the share right scheme for which performance hurdles would have been met based upon the Company's performance up to the reporting date and to the extent to which they are dilutive.

	30 June 2019	30 June 2018 ¹
Profit attributable to equity holders (\$000)	39,233	122,582
Diluted weighted average number of ordinary shares on issue ('000s)	213,264	213,096
Diluted earnings per share (cents)	18.4	57.5

¹ See note 1.5 for details of the impact on basic and diluted earnings per share relating to the restatement of change in fair value of investment properties for the year ended 30 June 2018.

4.3 Dividends

	Cents per share	30 June 2019 \$000	30 June 2018 \$000
Recognised amounts			
Final dividend for 2017	5.80	-	12,354
Interim dividend for 2018	3.25	-	6,927
Final dividend for 2018	6.75	14,386	-
Interim dividend for 2019	3.75	7,999	-
Total dividends paid		22,385	19,281

On 26 August 2019 the directors approved a dividend of 7.25 cents per share amounting to \$15.5m. The dividend record date is 13 September 2019 and payment will occur on 20 September 2019.

Provision is made for the amount of any dividend declared on or before the balance date but not distributed at balance date.

Imputation credits

The imputation credit balance for the Group at 30 June 2019 is nil (2018: nil). No tax payments were made during the year and dividends paid were unimputed.

Notes to the Group Financial Statements

4 SHAREHOLDERS' EQUITY AND FUNDING (continued)

4.4 Share-based Payments

Share Scheme

The Company operates a Senior Management Share Scheme (the Scheme) which is intended to align the interests of executives and other senior management with the interests of shareholders and provide a continuing incentive to these employees over the long term.

Awards of shares depend on satisfaction of performance hurdles and an assessment of Total Shareholder Return by comparison with the peer group (being members of the NZX50 Index at the date of grant and, in the future, other listed retirement village operators). Shares issued under the Scheme are entitled to dividends.

Share rights issued

The Scheme is accounted for as an in-substance share rights scheme. A reconciliation of the share rights on issue is provided below:

	30 June 2019	30 June 2018
Share rights outstanding at 1 July	397,028	320,319
Granted during the year	172,432	126,381
Vested during the year	(46,532)	(49,672)
Share rights outstanding at 30 June	522,928	397,028

The table below sets out amounts recognised in respect to share based payments.

\$000	30 June 2019	30 June 2018
Share based payment expense recognised in the consolidated statement of comprehensive income within 'employee expenses'	307	210
Accumulated employee share based payment expense recognised in the employee share scheme reserve	645	459

During the year ended 30 June 2019, 46,532 shares vested (2018: 49,672). \$113,000 of the previously recognised share based payment expense was transferred to share capital (2018: \$129,000).

The fair value of the in-substance share rights granted is recognised as an employee expense in the profit or loss component of the statement of comprehensive income with a corresponding entry in the employee share scheme reserve. The total amount to be expensed over the vesting period is determined by reference to the fair value of the in-substance share rights granted, excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of in-substance share rights that are expected to become exercisable.

At each balance sheet date, the Group revises its estimates of the number of in-substance share rights that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the profit or loss component of the statement of comprehensive income, and a corresponding adjustment to equity over a three year period.

As part of this Scheme, interest-free loans are provided to the executives and senior management at grant dates which will be settled for in-substance share rights that vest, by a cash bonus (forfeited in-substance share rights offset the remaining loan balance). The PAYE element of this bonus will be treated as a cash-settled share-based payment transaction with a liability for PAYE accruing over the vesting period. After vesting, to the date of exercise, this liability is adjusted by reference to the market value of the shares. Changes in the fair value of this liability will be recognised in profit or loss.

Notes to the Group Financial Statements

4 SHAREHOLDERS' EQUITY AND FUNDING (continued)

4.5 Reserves

Revaluation Reserve

\$000	30 June 2019	30 June 2018
Balance at beginning of the year	7,050	7,009
Share of (loss)/gain on revaluation of care home arising from joint venture, net of tax	(11)	22
Gain on revaluation of care homes	691	414
Tax on revaluation of care homes	(193)	4
Reduction in the revaluation of care homes (refer note 3.3)	-	(54)
Transfer on reclassification of development land	-	(345)
Balance at end of the year	7,537	7,050

The revaluation reserve records changes in the revaluation of property, plant and equipment.

Hedging Reserve

The hedging reserve records the effective portion of accumulated changes in the fair value of interest rate swaps used in cash flow hedges. This is recognised in the profit or loss when the hedged item affects the profit or loss (refer note 6.5).

4.6 Interest Bearing Liabilities

\$000	30 June 2019	30 June 2018
Bank loans	277,803	154,668
Capitalised debt costs	(637)	(308)
	277,166	154,360
Lease liabilities	2,042	2,427
Total interest bearing liabilities	279,208	156,787

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred and are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed as incurred.

Lease liabilities

Lease liabilities relating to leases of office premises are measured based on the present value of the fixed and variable lease payments, less any cash lease incentives receivable. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant rate of interest on the remaining balance of the liability for each period. Lease payments associated with low-value assets, and for lease terms of 12 months or less, are recognised on a straight-line basis as an expense in profit or loss.

Notes to the Group Financial Statements

4 SHAREHOLDERS' EQUITY AND FUNDING (continued)

4.6 Interest Bearing Liabilities (continued)

Bank loans

The bank loans comprise the Core Revolving Credit Facility, Development Facility and Working Capital Facility, effective 8 March 2012 as amended from time to time as detailed below.

On 20 December 2018 the bank facilities were renegotiated and extended. The maturities of the Core Revolving Credit Facility of \$175m (2018: \$175m), the Development Facility of \$275m (2018: \$175m) and the Working Capital Facility of \$2m (2018: \$2m) are detailed below.

Proceeds from the sale of units and apartments that are funded from the Development Facility are required to be repaid against the Development Facility.

Drawn Balances

\$000	Facility Limit	30 June 2019	30 June 2018
Core Facility	175,000	144,333	15,000
Development Facility	275,000	133,470	139,668
Working Capital Facility	2,000	-	-
Total	452,000	277,803	154,668
Investment property valuation (refer note 3.1)		1,839,779	1,715,988
Loan to Valuation Ratio		15.1%	9.0%

Maturities

\$000	Facility Limit	30 June 2019	30 June 2018
On demand	2,000	-	-
Between one and two years	83,333	83,333	70,333
Between two and three years	141,667	141,667	61,333
More than three years	225,000	52,803	23,002
Total	452,000	277,803	154,668

Security

A Negative Pledge Deed has been entered into by the operating subsidiaries in favour of the banks in which the subsidiaries have undertaken not to create or permit to exist any mortgage or other charge over their assets or revenues without obtaining the prior written consent of the Group's Lenders.

Metlifecare Limited has issued a letter of support for the bank borrowings of the 50% joint venture entity Metlifecare Palmerston North Limited.

Financial covenants

The Group must comply with certain financial covenants under the debt facility agreements. During the year ended 30 June 2019, the Group was in compliance with its financial covenants (2018: in compliance).

Finance Costs

\$000	30 June 2019	30 June 2018
Interest expense	7,472	3,905
Facility costs	2,817	1,812
Less: interest expense and facility costs capitalised	(8,415)	(5,453)
Total finance costs	1,874	264

Interest on borrowings is charged using the BKBM Bill Rate plus a margin and line fees. Interest rates applicable in the year to 30 June 2019 ranged from 3.49% to 3.77% per annum (2018: 3.46% to 3.66% per annum). Derivative financial instruments used to manage interest rate risk are set out in note 6.5.

Notes to the Group Financial Statements

5 CHANGES IN ACCOUNTING POLICIES

The Group adopted all mandatory new and amended NZ IFRS Standards and Interpretations during the year including NZ IFRS 9 *Financial Instruments* and NZ IFRS 15 *Revenue from Contracts with Customers*. The Group elected to early adopt NZ IFRS 16 *Leases* from 1 July 2018. The impact of the changes in accounting policies on adoption of these new standards is summarised below.

5.1 NZ IFRS 9 *Financial Instruments*

NZ IFRS 9 replaces the guidance in NZ IAS 39 for the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. NZ IFRS 9 has been adopted retrospectively and in accordance with the transitional provisions of NZ IFRS 9, comparative figures have not been restated.

NZ IFRS 9 establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Financial assets that were previously classified as loans and receivables under NZ IAS 39 are now categorised as financial assets at amortised cost. The change in classification has not affected the measurement of these assets.

Impairment of financial assets is assessed based on the expected credit loss model under NZ IFRS 9, rather than the incurred loss model that was previously used. The Group has applied the simplified approach permitted under NZ IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of trade receivables based on current, historic and forward-looking information. Expected lifetime losses have been measured by reviewing trade receivables based on the type of debtor and days since resident departure. Cash and cash equivalents are also subject to the impairment requirements of NZ IFRS 9. Application of the new impairment model has not had a material impact on the carrying value of expected credit losses and no adjustments have been made to the opening impairment provision balance.

The hedge accounting requirements of NZ IAS 39 will continue to be applied to existing derivative financial instruments in designated hedging relationships on transition. Disclosure in relation to the Group's hedging relationships is included in note 6.5.

5.2 NZ IFRS 15 *Revenue from Contracts with Customers*

NZ IFRS 15 requires revenue recognition that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled to, in exchange for those goods or services. NZ IFRS 15 has been adopted using the full retrospective approach and no practical expedients have been applied.

Adoption of NZ IFRS 15 has not had a material impact on the recognition or measurement of revenue by the Group. Rest home, hospital and service fees, and village fees continue to be recognised at the point in time the goods or services are provided to residents.

5.3 NZ IFRS 16 *Leases*

The Group has elected to early adopt NZ IFRS 16 *Leases* with a date of initial application of 1 July 2018. NZ IFRS 16 has been adopted using the full retrospective approach, as permitted under the specific transition provisions in the standard. Comparatives for the year ended 30 June 2018 and the opening balance sheet at 1 July 2017, have been restated.

(a) New accounting policy

The Group leases support office premises and various property, plant and equipment under non-cancellable operating lease agreements. The leases reflect normal commercial arrangements with varying terms, escalation clauses and renewal rights.

Notes to the Group Financial Statements

5 CHANGES IN ACCOUNTING POLICIES (continued)

5.3 NZ IFRS 16 *Leases* (continued)

(a) New accounting policy (continued)

At the inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Right-of-use assets are capitalised at the commencement date of the lease and comprise the initial lease liability, plus any initial indirect costs incurred and restoration costs, less any lease incentives received. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Lease liabilities are measured based on the present value of the fixed and variable lease payments, less any cash lease incentives receivable. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant rate of interest on the remaining balance of the liability for each period.

The recognition exemptions available under NZ IFRS 16 have been applied to lease payments associated with low-value assets, and for lease terms of 12 months or less, which are recognised on a straight-line basis as an expense in profit or loss.

(b) Adjustments recognised on adoption of NZ IFRS 16

On adoption of NZ IFRS 16, the Group has recognised a right-of-use asset within property, plant and equipment and a corresponding lease liability within interest bearing liabilities in relation to leases which had previously been classified as operating leases under the principles of NZ IAS 17 *Leases*, except where the recognition exemptions were applied to short-term leases and leases of low-value assets. The liabilities were measured at the present value of the lease payments, discounted at a rate of 7.5%. This is an estimated discount rate based on similar assets with similar tenure in proximity to the office premises. At 30 June 2019, a right-of-use asset of \$1.7m and a corresponding lease liability of \$2.0m have been recognised.

Occupation right agreements confer the right to occupancy of a unit or serviced apartment and are considered leases under NZ IFRS 16. On adoption of NZ IFRS 16, the Group has recognised an adjustment for recognition of management fees relating to transfers from an independent living unit or apartment to another independent living unit or apartment or a serviced apartment, deferring the management fees historically recognised into later periods. Management fee revenue continues to be recognised on a straight-line basis in the statement of comprehensive income over the average expected length of stay of residents. As a result, investment properties and deferred management fees have been impacted.

The impact of the adoption of NZ IFRS 16 on the Group's consolidated balance sheet, consolidated statement of comprehensive income and consolidated cash flow statement for those comparatives presented within these Group Financial Statements, including the opening balance sheet at 1 July 2017, are presented on page 81.

A reconciliation between the operating lease commitments disclosed as at 30 June 2017 and the lease liabilities recognised on adoption of NZ IFRS 16 on 1 July 2017 is provided below.

\$000	1 July 2017
Operating lease commitments disclosed as at 30 June 2017	2,823
Discounted at the date of initial application	2,101
Add: finance lease liabilities already recognised as at 30 June 2017	102
Add: adjustment for lease variations	724
Less: low-value and short-term leases recognised on a straight-line basis as expense	(47)
Lease liabilities recognised as at 1 July 2017	2,880

Notes to the Group Financial Statements

5 CHANGES IN ACCOUNTING POLICIES (continued)

5.3 NZ IFRS 16 Leases (continued)

(b) Adjustments recognised on adoption of NZ IFRS 16 (continued)

The following tables show the adjustments recognised for each individual line item. Line items that were not affected by the changes have not been included.

Consolidated Balance Sheet

		30 June 2018	1 July 2017
\$000			
Property, plant and equipment	Increase	2,042	2,425
Investment properties	Increase	1,900	1,570
Total assets	Increase	3,941	3,995
Interest bearing liabilities	Increase	2,427	2,778
Deferred management fees	Increase	1,900	1,570
Deferred tax liability	Decrease	533	440
Total liabilities	Increase	3,794	3,908
Net assets	Increase	147	87
Retained earnings	Increase	147	87
Total equity	Increase	147	87

Consolidated Statement of Comprehensive Income

		Year ended 30 June 2018
\$000		
Operating revenue	Decrease	330
Total income	Decrease	330
Change in fair value of investment properties	Increase	330
Other expenses	Decrease	549
Depreciation	Increase	383
Finance costs	Increase	197
Total expenses	Increase	31
Profit before income tax	Decrease	31
Income tax expense	Decrease	92
Profit for the year	Increase	61
Total comprehensive income	Increase	61

Consolidated Cash Flow Statement

		Year ended 30 June 2018
\$000		
Payments to suppliers and employees	Decrease	549
Interest Paid	Increase	197
Net cash inflow from operating activities	Decrease	352
Principal payments of lease liabilities	Increase	352
Net cash inflow from financing activities	Decrease	352

Notes to the Group Financial Statements

6 OTHER DISCLOSURES

This section includes additional information that is considered less significant in understanding the financial performance and position of the Group, but must be disclosed to comply with New Zealand equivalents to International Financial Reporting Standards.

6.1 Income Tax Expense

	30 June 2019	30 June 2018
\$000		
(a) Income tax expense		
Current tax	14	20
Deferred tax	6,921	14,652
Income tax expense	6,935	14,672
(b) Numerical reconciliation of income tax expense to prima facie tax		
Profit before income tax	46,168	137,254
Tax at the New Zealand tax rate of 28%	12,927	38,431
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Non taxable income and non deductible expenditure	3,315	1,114
Capitalised interest	(2,356)	(1,527)
Non taxable impact of investment property revaluation	(15,080)	(37,155)
Movement in property valuation	7,086	11,995
Share of profit arising from joint venture	(42)	(547)
Adjustment for timing difference of provisions	1,009	347
Prior period adjustment	76	2,014
Income tax expense	6,935	14,672

(c) Recognised deferred tax liability

	Balance 1 July 2018	Recognised in income	Recognised in Reserves	Balance 30 June 2019
\$000				
Property, plant and equipment	(5,841)	(286)	(193)	(6,320)
Investment property	(142,026)	(12,247)	-	(154,273)
Deferred management fees	1,821	(1,382)	-	439
Recognised tax losses	25,180	7,165	-	32,345
Other items	3,693	(171)	311	3,833
Net deferred tax liability	(117,173)	(6,921)	118	(123,976)
	Balance 1 July 2017	Recognised in income	Recognised in Reserves	Balance 30 June 2018
\$000				
Property, plant and equipment	(29)	(5,808)	(4)	(5,841)
Investment property	(131,684)	(10,342)	-	(142,026)
Deferred management fees	4,229	(2,408)	-	1,821
Recognised tax losses	20,975	4,205	-	25,180
Other items	3,870	(299)	122	3,693
Net deferred tax liability	(102,639)	(14,652)	118	(117,173)

Notes to the Group Financial Statements

6 OTHER DISCLOSURES (continued)

6.1 Income Tax Expense (continued)

No income tax was paid or payable during the year. There are no unrecognised tax losses for the Group at 30 June 2019 (2018: nil).

The income tax expense for the year is the tax payable on the current year's taxable income based on the applicable income tax rate, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the Group Financial Statements, and changes to available tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted at balance date. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity. The associated current or deferred tax balances are recognised in these accounts as usual.

Key assumptions related to deferred tax

Deferred tax - recognition based on 'value-in-use'

NZ IAS 12 *Income Taxes* provides that there is a rebuttable presumption that investment property measured at fair value under NZ IAS 40 and NZ IFRS 13 is recovered entirely through sale. This presumption is rebutted if: the investment property is depreciable; and the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The Group rebuts the presumption and considers the held for use methodology more appropriately represents the Group's business model. The Group is a long-term operator of a portfolio of integrated care facilities and villages and consumes substantially all of the economic benefits of its investment property through operating the villages and/or redeveloping these villages over time. Furthermore, the objective of the business model is not to sell investment property sites.

Deferred tax in respect of investment properties has been assessed on the basis of the asset value being realised through use. If the asset value was realised by sale, the sale would trigger a \$91.6m (2018: \$103.9m) tax liability in relation to tax depreciation recovered prior to the utilisation of any available tax losses at the time. This compares to the "in use" deferred tax net liability of \$131.4m (2018: \$124.3m) included in the adopted treatment prior to the utilisation of any available tax losses at the time.

Notes to the Group Financial Statements

6 OTHER DISCLOSURES (continued)

6.1 Income Tax Expense (continued)

Deferred tax - recognition based on contractual cash flows

In calculating deferred tax under the held for use methodology, the Group has made significant judgements to determine taxable temporary differences. The carrying value of the Group's investment property is determined on a discounted cash flow basis and includes cash flows that are both taxable and non-taxable in the future. Only those cash flows with a future tax consequence, primarily in respect of management fees, result in a taxable temporary difference. In determining the taxable temporary difference, the directors have used the contractual cash flows on the basis that the contractual arrangements for an occupation right agreement comprise two gross cash flows (being an occupation right agreement deposit upon entering the unit and the refund of this deposit upon exit) that are non-taxable and need to be excluded to determine the taxable temporary differences arising on investment properties.

The Group has recognised deferred tax in relation to the present value of cash flows with a future tax consequence as provided by CBRE Limited that arise from the depreciable components (i.e. buildings) of the investment property. Included within the CBRE valuation is also the present value of the capital gains associated with the investment property which are non-taxable and primarily attributable to the capital growth of the non-depreciable components (i.e. land). No deferred tax has been recognised against these amounts.

The Group considered whether deferred tax should be recognised on the basis that management fees are received at the end of the Occupation Right Agreement (ORA) period (i.e. upon refund of the ORA deposit by way of set off on exit by a resident) or at the beginning of the ORA period (i.e. at time of the receipt of the ORA deposit). The Group considers it appropriate to recognise and measure deferred tax based on the management fee being receivable at the end of the ORA period as they believe it best represents the Group's contractual entitlement. Should the management fee be treated as received at the beginning of the ORA period an additional deferred tax liability of \$50.7m (2018: \$50.1m) would be recognised in the balance sheet. An additional current year tax expense of \$50.7m (2018: \$50.1m) and a corresponding reduction in net profit after tax of \$50.7m (2018: \$50.1m) would also be recognised.

Notes to the Group Financial Statements

6 OTHER DISCLOSURES (continued)

6.2 Trade Receivables and Other Assets

\$000	30 June 2019	30 June 2018
Trade receivables	6,056	5,290
Occupation right agreement receivables	9,833	9,372
Prepayments	2,335	720
Amounts due from related parties	246	15
Deposits paid for land acquisitions	820	2,790
Retentions and other receivables	4,187	2,683
Total receivables and other assets	23,477	20,870

All trade receivables and other assets are expected to mature within 12 months of balance date.

Trade receivables are recognised initially at fair value and are subsequently measured at amortised cost using the effective interest method, less any provision for impairment. A provision for the impairment of trade receivables is assessed based on the simplified approach of the expected credit loss model, which requires expected lifetime losses to be recognised from initial recognition of trade receivables based on current, historic and forward-looking information. Expected lifetime losses are measured by reviewing trade receivables based on type of debtor and days since resident departure. Application of the new impairment model has not had a material impact on the carrying value of expected credit losses and no adjustment has been made to the opening impairment provision balance.

6.3 Trade and Other Payables

\$000	30 June 2019	30 June 2018
Trade creditors	4,244	7,249
Sundry creditors and accruals	26,782	55,039
Revenue in advance	3,855	3,653
Employee entitlements	6,409	6,093
Total trade and other payables	41,290	72,034

Recognised within sundry creditors and accruals at 30 June 2018 is the balance of the purchase price for Orion Point, Hobsonville.

All trade and other payables are expected to mature within 12 months of balance date. Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Creditors and other accruals

Expenses are brought to account on an accruals basis and, if not paid at the end of the reporting period, are reflected in the Consolidated Balance Sheet as a payable. These amounts represent liabilities for amounts owing at the end of the reporting period. The amounts are unsecured and are usually paid within 30 days of recognition.

Employee entitlements

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave are recognised in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the amounts paid or payable.

Notes to the Group Financial Statements

6 OTHER DISCLOSURES (continued)

6.4 Financial Instruments

The Group holds the following categories of financial instruments:

Financial assets at amortised cost - financial assets comprising Cash and Cash Equivalents, and Trade Receivables and Other Assets (excluding prepayments).

Financial liabilities at amortised cost - financial liabilities comprising Trade and Other Payables (excluding employee entitlements), Interest Bearing Liabilities and Refundable Occupation Right Agreements.

Financial liabilities at fair value through profit or loss - financial liabilities comprising Interest Rate Swaps.

6.5 Financial Risk Management

The Group is exposed to a variety of financial risks: market risk (including interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme considers the volatility of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. Risk management is carried out under policies approved by the Board of Directors covering overall risk management and treasury and financial markets risks.

The Group uses different methods to measure different types of risk to which it is exposed including sensitivity analysis in the case of interest rates to determine market risk and ageing analysis for credit risk. From time to time the Group uses derivative financial instruments such as interest rate swap contracts to manage certain interest rate risk exposures. Derivatives are exclusively used for economic hedging purposes and not as trading or other speculative instruments.

(a) Market risk

(i) Foreign exchange risk

The Group does not have a material exposure to foreign exchange risk.

(ii) Cash flow and fair value interest rate risk

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk.

The cash flow and fair value interest rate risks are monitored by the Board on a monthly basis. Management monitors the existing interest rate profile and as appropriate presents interest rate hedging analysis and strategies to the Board for consideration and approval prior to entering into any interest rate swaps. The position is managed depending on the timeframe, underlying interest rate exposure and the economic conditions.

At 30 June 2019, it is estimated that a general increase of one percentage point in interest rates would reduce the Group's profits after tax by approximately \$2.4m (2018: \$1.3m) and would decrease equity by \$2.4m (2018: \$1.3m).

Derivative financial instruments

The Group has entered into interest rate swaps to reduce its exposure to variability in floating rate interest payments for long-term borrowings.

Interest rate swaps are recognised at fair value on the date a contract is entered into and are subsequently measured at fair value on each reporting date. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows discounted using market rates at balance date. The Group has categorised interest rate swaps as Level 2 under the fair value hierarchy.

Notes to the Group Financial Statements

6 OTHER DISCLOSURES (continued)

6.5 Financial Risk Management (continued)

Cash flow hedges

The interest rate swaps are designated in cash flow hedging relationships. When an interest rate swap meets the criteria for hedge accounting, the effective portion of changes in the fair value of the interest rate swap is recognised in other comprehensive income and accumulated in the hedging reserve. Any ineffective portion of changes in the fair value of the interest rate swap is recognised in profit or loss. In these hedge relationships, ineffectiveness may arise due to changes in the counterparty and Metlifecare's own credit risk on the fair value of the derivatives, and differences in critical terms between the swaps and the bank loans. The amount accumulated in equity is expected to be reclassified to finance costs at the same time as interest payments for long-term borrowings are made.

At 30 June 2019, the Group has interest rate swap agreements in place with a total notional principal amount of \$55m (2018: \$55m), which are being used to cover approximately 20% (2018: 36%) of the outstanding principal of bank loans. These agreements effectively change the Group's interest exposure on the principal covered by the interest rate swaps from a floating-rate position to a fixed-rate position, with an average contracted fixed interest rate of 2.57% (2018: 2.57%). Derivatives in hedging relationships are designated based on a hedge ratio of 1:1. The hedge ratio is based on the interest rate swap notional amount to hedge the same notional amount of bank loans.

The notional values of interest rate swaps outstanding at 30 June 2019 and their maturities are as follows:

\$000	30 June 2019	30 June 2018
Between one and two years	20,000	20,000
Between two and five years	35,000	35,000
Total interest rate swaps	55,000	55,000

The net fair value losses of \$0.8m relating to the effective portion of cash flow hedges were recognised in other comprehensive income (2018: \$0.3m), with the corresponding amount recognised as a \$1.5m liability in the consolidated balance sheet at 30 June 2019 (2018: \$0.4m). The value of amounts reclassified from the hedging reserve to profit or loss was nil.

(b) Credit risk

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposure from trade receivables.

The Group has no significant concentrations of credit risk. The Group's policy requires a security deposit from new residents before they are granted the right to occupy a unit, therefore, the Group does not face significant credit risk. The values attached to each financial asset in the balance sheet represent the maximum credit risk. Assessment of any provision required for the impairment of trade receivables is detailed in note 6.3. No collateral is held with respect to any financial assets. The Group enters into financial instruments with various counterparties in accordance with established limits as to credit rating and dollar limits, and does not require collateral or other security to support the financial instruments.

The Group's cash and cash equivalents are deposited with one of the major trading banks. Non performance of obligations by the bank is not expected due to the Standard & Poor's AA- credit rating of the counterparty considered.

Notes to the Group Financial Statements

6 OTHER DISCLOSURES (continued)

6.5 Financial Risk Management (continued)

(c) Liquidity risk

The Group receivables represent distinct trading relationships with each of the residents. There are no concentrations of credit risk with residents. The only large receivables relate to the residential care subsidies which are received in aggregate via the various District Health Boards and Work and Income New Zealand. None of these entities are considered a credit risk.

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities.

Cash flow forecasting is regularly performed by the Group. The Group monitors rolling forecasts of liquidity requirements to ensure sufficient cash to meet operational needs, while maintaining headroom on undrawn committed borrowing facilities at all times so that it does not breach borrowing limits or covenants on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans and covenant compliance. Surplus cash held by the operating entities is used to repay debt in the Working Capital and Core Facilities.

As part of the Group's treasury activities and liquidity management, all wholly-owned subsidiaries interact through intercompany accounts with Metlifecare Limited on a daily basis. This encompasses receipts from residents, payments to suppliers, and receipts and payments to residents under occupation right agreements.

Maturity profile of financial liabilities

The table below shows the maturity analysis of the Group's contractual undiscounted cash flows relating to financial liabilities.

\$000	Less than 1 year	Later than 1 year
30 June 2019		
Trade and other payables	34,881	-
Bank loans	8,410	291,449
Derivative financial instruments	452	543
Lease liabilities	617	2,056
Refundable occupation right agreements	1,458,439	-
	1,502,799	294,048
30 June 2018		
Trade and other payables	65,941	-
Bank loans	5,133	159,338
Derivative financial instruments	347	694
Lease liabilities	714	2,672
Refundable occupation right agreements	1,355,108	-
	1,427,243	162,704

The bank loans drawn under the committed bank facilities are typically drawn down for fixed periods of 1 to 3 months and renewed at the conclusion of each fixed period.

Occupation right agreements are repayable to the resident on vacation of the unit or serviced apartment. It is not anticipated that all amounts will be immediately repayable on occupational right agreements. The expected maturity of the refundable occupation right agreement liability is shown in note 3.2 and reflects historical and expected turnover calculations.

Notes to the Group Financial Statements

6 OTHER DISCLOSURES (continued)

6.5 Financial Risk Management (continued)

(d) Capital risk management

The Group manages its capital risk with regard to its gearing ratios (net debt to total capital), as a guide to capital adequacy, borrowing ratios such as interest cover and loan to value ratios, exposure to liquidity and credit risk and exposures to financial markets volatility.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

(e) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or disclosure purposes. The carrying value of financial assets and financial liabilities are assumed to approximate their fair values unless otherwise disclosed.

6.6 Related Party Transactions

The following transactions were carried out with related parties:

(a) Key management personnel compensation

The key management personnel are all executives with the authority for the strategic direction and management of the Group. Their compensation paid or payable is set out below. The directors are remunerated through directors' fees and expenses.

\$000	30 June 2019	30 June 2018
Salaries and other short-term employee benefits	3,885	3,809
Senior executive long term share plan	657	477
Total	4,542	4,286

(b) Transactions and balances

During the year ended 30 June 2019 the Group advanced \$231,000 to the joint venture company, Metlifecare Palmerston North Limited (2018: the Group received repayment of \$197,000 from the joint venture company).

As at 30 June 2019 the joint venture company owed \$246,000 to the Company (2018: \$15,000).

(c) Terms and conditions

Joint venture company advances

Advances due from the joint venture company are secured by way of a General Security Agreement and are repayable with a minimum of 12 months' notice. At balance date, notice had not been given in relation to these advances. Interest charges are calculated monthly based on the Group Treasury average cost of funds. Interest rates applicable in the 12 month period to 30 June 2019 ranged from 3.49% to 3.77% per annum (2018: 3.46% to 3.66% per annum).

(d) Directors' fees

During the year ended 30 June 2019, \$755,000 of Directors' fees were paid (2018: \$741,000). This includes the amount of any unrecoverable GST. Directors' fees are included within 'Other expenses' in note 2.2.

Notes to the Group Financial Statements

6 OTHER DISCLOSURES (continued)

6.7 Segment information

The Group operates in one operating segment being that of retirement villages. The chief operating decision maker, the Board of Directors, reviews the operating results on a regular basis and makes decisions on resource allocation based on the review of Group results and cash flows as a whole.

The nature of the products and services provided and the type and class of customers have similar characteristics within the operating segment.

6.8 Commitments

	30 June 2019	30 June 2018
Capital commitments		
Estimated commitments contracted for at balance date but not yet incurred	53,782	81,732
	53,782	81,732

6.9 Contingencies

The main contractor has submitted a final claim for works at Metlifecare Somervale Limited which exceeds the Group's initial assessment of the amount due. The potential impact on the Group Financial Statements based on the information available is not considered material (2018: nil).

6.10 Subsequent Events

Subsequent to balance date, the Group received a conditional offer for the purchase of its Albany site. The Group is currently considering the merits of this offer.

On 26 August 2019, the directors approved a dividend of 7.25 cents per share amounting to \$15.5m. The dividend record date is 13 September 2019 and payment will occur on 20 September 2019.

There are no further subsequent events between 30 June 2019 and the date that the financial statements were authorised by the directors.

6.11 Subsidiaries of the Group and Joint Venture Investment

All subsidiary companies are 100% owned and incorporated in New Zealand with a balance date of 30 June.

Operating entities

Forest Lake Gardens Limited	Metlifecare Highlands Limited
Hibiscus Coast Village Holdings Limited	Metlifecare Kapiti Limited
Hillsborough Heights Village Holdings Limited	Metlifecare Oakridge Limited
Longford Park Village Holdings Limited	Metlifecare Orion Point Limited
Metlifecare 7 Saint Vincent Limited	Metlifecare Papamoa Beach Limited
Metlifecare Bayswater Limited	Metlifecare Pinesong Limited
Metlifecare Botany Limited	Metlifecare Pohutukawa Landing Limited
Metlifecare Coastal Villas Limited	Metlifecare Powley Limited
Metlifecare Crestwood Limited	Metlifecare Somervale Limited
Metlifecare Dannemora Gardens Limited	Metlifecare The Avenues Limited
Metlifecare Edgewater Limited	Metlifecare The Orchards Limited
Metlifecare Greenwich Gardens Limited	Metlifecare The Poynton Limited
Metlifecare Greenwood Park Limited	Waitakere Group Limited
Metlifecare Gulf Rise Limited	



Notes to the Group Financial Statements

6 OTHER DISCLOSURES (continued)

6.11 Subsidiaries of the Group and Joint Venture Investment (continued)

Dormant and non operating entities

Longford Park Village Limited	Metlifecare Holdings Limited (formerly Vision Senior Living Limited)
-------------------------------	--

All subsidiaries, except the dormant and non operating entities, own and manage retirement villages.

Investment in Joint Venture - Palmerston North

The Group has a 50% interest in joint venture company Metlifecare Palmerston North Limited (2018: 50%). The joint venture company, Metlifecare Palmerston North Limited, is incorporated in New Zealand and has a balance date of 30 June.

The principal activity of Metlifecare Palmerston North Limited is the ownership and management of a retirement village.

Principles of consolidation

Subsidiaries

Subsidiaries are those entities (including special purpose entities) controlled by the Company. Control exists when the Company is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control potential voting rights that are substantive are taken into account.

The financial results of subsidiaries included in the consolidated financial statements from the date on which control commences until the date that control ceases.

Intercompany

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries are consistent with the policies adopted by the Group.

Joint venture entities

Joint venture entities are accounted for using the equity method. Interests in joint venture entities are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income.

Unrealised gains on transactions between the Group and its joint venture entities are eliminated to the extent of the Group's interest in the joint venture entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Independent auditor's report

To the shareholders of Metlifecare Limited

We have audited the group financial statements which comprise:

- the consolidated balance sheet as at 30 June 2019;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of movements in equity for the year then ended;
- the consolidated cash flow statement for the year then ended; and
- the notes to the group financial statements, which include significant accounting policies.

Our opinion

In our opinion, the accompanying group financial statements of Metlifecare Limited (the Company), including its subsidiaries (the Group), present fairly, in all material respects, the financial position of the Group as at 30 June 2019, its financial performance and its cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards (IFRS).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Group in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* (PES 1) issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our firm carries out other services for the Group in the areas of tax compliance, executive remuneration benchmarking advisory services and debt and treasury advisory services. The provision of these other services has not impaired our independence as auditor of the Group.

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Our audit approach

Overview



An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement.

For the purpose of our audit, we used a threshold for overall Group materiality of \$2,485,000 which represents approximately 2% of operating revenue. We applied this benchmark because, in our view, it is a key financial metric used in assessing the performance of the Group and is not as volatile as other profit or loss measures.

We agreed with the Audit and Risk Committee that we would report to them misstatements identified during our audit above \$124,000 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

We have determined that there is one key audit matter:

- Valuation of investment properties and care homes

Materiality

The scope of our audit was influenced by our application of materiality.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the group financial statements as a whole as set out above. These, together with qualitative considerations, helped us to determine the scope of our audit, the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the group financial statements as a whole.

Audit scope

We designed our audit by assessing the risks of material misstatement in the group financial statements and our application of materiality. As in all of our audits, we also addressed the risk of management override of internal controls including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the group financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the group financial statements of the current year. We have one key audit matter, which is the valuation of investment properties and care homes. This matter was addressed in the context of our audit of the group financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Key audit matter

Valuation of investment properties and care homes

The Group's retirement village portfolio, as disclosed in note 3.1 and 3.3 of the group financial statements, includes investment properties of \$3,423,615,000 and care homes (encompassing freehold land and buildings) of \$43,142,000 and represents the majority of the assets held by the Group as at 30 June 2019.

Investment properties and care homes are carried at fair value. Investment properties under development that are not sufficiently progressed to enable fair value to be reliably determined are carried at cost less any impairment.

The valuation of the Group's retirement village portfolio is inherently subjective due to, amongst other factors, inputs into the valuations that are unobservable through available market information and also considers the individual characteristics of each village, its location, its resident profile and the expected future cash flows for that particular village.

The existence of significant estimation uncertainty, coupled with the fact that only a small percentage difference in individual property valuation assumptions, when aggregated, could result in material misstatement, is why we have given specific audit focus and attention to this area.

The valuations were carried out by an independent third party valuer, CBRE Limited (the Valuer).

The Valuer engaged by the Company is a well known firm, with experience in the sector in which the Group operates.

How our audit addressed the key audit matter

External valuations

We received and discussed the external valuation report with the Valuer. We confirmed that the valuation approach for each village was in accordance with the accounting standards and suitable for use in determining the carrying value of investment properties and care homes at 30 June 2019.

It was evident from our discussions with management and the Valuer, and from our review of the valuation report that close attention had been paid to each village's individual characteristics and its overall quality, geographic location and desirability as a whole.

We assessed the Valuer's qualifications, expertise and their objectivity and we found no evidence to suggest that the objectivity of the Valuer, in their performance of the valuations, was compromised.

We carried out procedures, on a sample basis, to test whether specific information supplied to the Valuer by the Group reflected the underlying records held by the Group. For the items tested, the information was consistent.

Assumptions

Our work over assumptions focused on villages where the assumptions used and/or year-on-year fair value movement suggested a possible outlier versus the rest of the portfolio and the wider retirement village sector.

We have reviewed the estimated cost of remediation works by assessing the reasonableness of calculations and assumptions used and corroborating the relevant information with third party assessments commissioned by management, where applicable. We also assessed the reasonableness of management estimates of costs to complete developments that are practically complete and valued by the Valuer at 30 June 2019.

We also engaged our own in-house valuation specialist to challenge the work performed and assumptions used by the Valuer on a sample basis. In particular, we compared the assumptions used by the Valuer to our

Key audit matter	How our audit addressed the key audit matter
In determining a valuation, the Valuer took into account property specific information such as current unit pricing, current and anticipated residential property growth, capitalisation rates and resident profiles for investment properties and capitalisation rates and proforma earnings for care homes. The Valuer then applied these assumptions in conjunction with available market data and transactions, to arrive at a range of valuation outcomes, from which a point estimate was derived. Due to the unique nature of each property, the assumptions applied took into consideration the individual property characteristics at a resident level, as well as the qualities of the property as a whole, including estimates for forecast remediation works.	<p>in-house valuation specialist's knowledge gained from reviewing valuations of similar properties, known transactions and market data.</p> <p>Overall valuation estimates Because of the subjectivity involved in determining valuations for individual properties with the existence of alternative assumptions and valuation methods, we determined a range of values that were considered reasonable to evaluate the valuations used by the Group. If we find an error in a valuation or determine that the valuation is outside the reasonable range, we would evaluate the error or difference against our overall materiality to determine if there is a material misstatement in the group financial statements.</p> <p>The valuations adopted by the Group were all within an acceptable range. We also considered whether or not there was bias in determining individual valuations and found no evidence of bias.</p>

Information other than the group financial statements and auditor's report

The Directors are responsible for the annual report. Our opinion on the group financial statements does not cover the other information included in the annual report and we do not and will not express any form of assurance conclusion on the other information. At the time of our audit, there was no other information available to us.

In connection with our audit of the group financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the group financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact.

Responsibilities of the Directors for the group financial statements

The Directors are responsible, on behalf of the Company, for the preparation and fair presentation of the group financial statements in accordance with NZ IFRS and IFRS, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the group financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the group financial statements

Our objectives are to obtain reasonable assurance about whether the group financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's

report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these group financial statements.

A further description of our responsibilities for the audit of the group financial statements is located at the External Reporting Board's website at:

<https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-1/>

This description forms part of our auditor's report.

Who we report to

This report is made solely to the Company's shareholders, as a body. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, as a body, for our audit work, for this report or for the opinions we have formed.

The engagement partner on the audit resulting in this independent auditor's report is Samuel Shuttleworth.

For and on behalf of:



Chartered Accountants
26 August 2019

Auckland

STATUTORY INFORMATION

Papamoa Village Limited

INTERESTS REGISTER

(A) GENERAL DISCLOSURES

The following are particulars of general disclosures of interest by directors of Metlifecare Limited in the year to 30 June 2019, pursuant to section 140(2) of the Companies Act 1993. Where applicable, the disclosure also includes directorships of subsidiaries of the relevant companies.

Director	Entity	Nature of Interest
Kim Ellis	Port of Tauranga Limited	Director
	FSF Management Company Limited	Director
	Freightways Limited	Director
	Ballance Agri-Nutrients Limited	Director
	New Zealand Social Infrastructure Fund Limited	Director
	Sleepyhead Group Limited	Director
Chris Aiken	Murray Aynsley Properties Limited	Director
	Catalina Advisory Limited	Director/Shareholder
	Alumnus Properties Limited	Shareholder
	HLC	Officer
	Cameron Trust	Trustee
	Hurstmere Property Trust	Trustee
Mark Binns	Auckland International Airport Limited	Director
	Auckland War Memorial Museum	Trustee
	Crown Infrastructure Partners Limited	Director
	+ Te Puia Tapapa GP Limited	Director
Alistair Ryan	Barramundi Limited	Director
	Kingfish Limited	Director
	Marlin Global Limited	Director
	FMA's Audit Oversight Committee	Member
	Kiwibank Limited	Director
	* Christchurch Casinos Limited	Director
Rod Snodgrass	* Evolve Education Group Limited	Director
	The Exponential Agency Limited	Director/Shareholder
	Jucy Group Limited (NZ)	Director
	+ Yellow Drill Limited (formerly Genoapay Limited)	Director/Shareholder
	+ Chapter 2 Sports Limited	Director
	SMX Limited (NZ)	Director
	Springboard Trust	Trustee
	* Vector Limited	Officer

Director	Entity	Nature of Interest
Carolyn Steele	Steele Family Trust	Trustee
	Halberg Foundation	Director
	New Zealand Football Foundation	Trustee
	Green Cross Health Limited	Director
	WEL Networks Limited	Director
	Ultrafast Fibre Limited	Director
Dr Noeline Whitehead	PASS Consultants	Director/Officer

Notes:

* Interest ceased during the year

+ New

(B) SPECIFIC DISCLOSURES

As previously advised, Dr. Noeline Whitehead's daughter, Tanya Bish is a member of the Executive Team. Please refer to page 50 of this report for further information.

(C) INDEMNITY AND INSURANCE

The Company has effected insurance and given indemnities to its directors, including directors of subsidiary companies, in accordance with the Companies Act 1993.

(D) USE OF COMPANY INFORMATION

During the year the Board did not receive any notices from directors of the Company requesting use of Company information. No subsidiary board received any notice from its directors requesting use of the subsidiary's information.

(E) DIRECTORS' SHARE DEALINGS AND RELEVANT INTERESTS

During the year to 30 June 2019 four directors, Alistair Ryan, Rod Snodgrass, Kim Ellis and Mark Binns, disclosed to the Board, under section 148 of the Companies Act 1993 and sections 297(2) and 298(2) of the Financial Markets Conduct Act 2013, particulars of acquisitions or dispositions of relevant interests in ordinary shares in the Company.

- Alistair Ryan made the following share purchases:
 - 1,500 shares at \$6.49 per share on 2 October 2018; and
 - 2,000 shares at \$5.06 per share on 27 February 2019,

a total of 3,500 shares.

- Rod Snodgrass purchased 2,000 shares at \$5.15 per share on 18 December 2018.

- The Ellis Trust (of which Kim Ellis is trustee) made the following share purchases:

- 10,000 shares at \$5.15 per share on 5 March 2019; and
- 10,000 shares at \$5.10 per share on 6 March 2019,

a total of 20,000 shares.

- The Annette Ellis Trust (of which Kim Ellis is a director of a trustee company) made the following share purchases:

- 29,000 shares at \$5.12 per share on 5 March 2019; and
- 29,100 shares at \$5.10 per share on 6 March 2019,

a total of 58,100 shares.

- Mark Binns purchased 15,000 shares at \$4.33 per share on 26 June 2019.

Six directors (in italics below) had relevant interests in the ordinary shares in the Company as at 30 June 2019.

Directors' Interests	Number of Shares
Ellis Trust (<i>Kim Ellis and MK Trustee 2015 Limited as Trustees</i>)	185,000
Annette Ellis Trust (<i>A.M. Ellis* and MK Trustee 2015 Limited as Trustees</i>) - interested director <i>Kim Ellis</i>	73,100
<i>Mark Binns</i>	15,000
<i>Alistair Ryan</i>	13,904
Cameron Trust (<i>Chris Aiken and W.A. Aiken as Trustees</i>)	9,051
<i>Rod Snodgrass</i>	7,000
<i>Noeline Whitehead</i>	4,000

*(A.M. Ellis is the wife of Kim Ellis)



DIRECTOR INFORMATION

COMPANY DIRECTORS

The Company's directors are set out in the directory on page 110.

Remuneration and other benefits received by directors during the year to 30 June 2019:

Director	Director Fees \$
Kim Ellis	165,000
Alistair Ryan	97,500
Chris Aiken	95,000
Mark Binns	92,500
Carolyn Steele	92,500
Rod Snodgrass	87,500
Dr Noeline Whitehead	87,500

The above fees exclude GST and expenses.

Allocated payments are set out below:

Position	Current Fee Allocation \$ (Plus GST if any)
Chair of Board (inclusive of Committee fees) – Kim Ellis	165,000
Non-Executive Director Base Fee (directors excluding Chair) Chris Aiken, Mark Binns, Alistair Ryan, Rod Snodgrass, Carolyn Steele and Dr Noeline Whitehead	82,500 (total 495,000)
Chair Audit & Risk Committee – Alistair Ryan	12,500
Chair Development Committee – Chris Aiken	12,500
Chair Resident Experience & Care Committee – Carolyn Steele	7,500
Chair People & Remuneration Committee – Mark Binns	7,500
Committee Member Fee (Committee Members excluding Nominations & Corporate Governance Members and Chair of each Committee)	2,500 (total 17,500)
Total Allocated	717,500
Unallocated	5,500
Pool	723,000

Remuneration and other benefits received by directors of Metlifecare Palmerston North Limited (a jointly controlled entity) during the year to 30 June 2019. The fees set out below to Glen Sowry, Richard Thomson and Richard Callander were paid to Metlifecare Limited.

Director	Director Fees \$
Richard Callander	5,000
Keith Hindle	5,000
Jane Hughes	5,000
Rebecca Mellish	5,000
Glen Sowry	5,000
Richard Thomson	5,000

Subsidiary Company Directors

Glen Sowry and Richard Thomson held the office of directors of all the Company’s wholly owned subsidiaries during the year to 30 June 2019, being Forest Lake Gardens Limited, Hibiscus Coast Village Holdings Limited, Hillsborough Heights Village Holdings Limited, Longford Park Village Holdings Limited, Longford Park Village Limited, Metlifecare Bayswater Limited, Metlifecare Botany Limited, Metlifecare Coastal Villas Limited, Metlifecare Crestwood Limited, Metlifecare Dannemora Gardens Limited, Metlifecare Edgewater Limited, Metlifecare Greenwich Gardens Limited, Metlifecare Greenwood Park Limited, Metlifecare Gulf Rise Limited, Metlifecare Highlands Limited, Metlifecare Kapiti Limited, Metlifecare Oakridge Limited, Metlifecare Orion Point Limited, Metlifecare Papamoa Beach Limited, Metlifecare Pinesong Limited, Metlifecare Pohutukawa Landing Limited, Metlifecare Powley Limited, Metlifecare 7 Saint Vincent Limited, Metlifecare Somervale Limited, Metlifecare The Avenues Limited, Metlifecare The Orchards Limited, Metlifecare The Poynton Limited, Metlifecare Holdings Limited and Waitakere Group Limited.

Alistair Ryan held the office of director of Metlifecare LTIP Trustee Limited.

No director of any wholly owned subsidiary company received any director’s fees or other benefits as a director of a subsidiary.

Jointly Controlled Entity (50% Shareholding) as at 30 June 2019

The following persons held the office of director of Metlifecare Palmerston North Limited, a jointly controlled entity, during the year: Richard Callander, Keith Hindle, Jane Hughes, Rebecca Mellish, Glen Sowry and Richard Thomson.



OTHER STATUTORY INFORMATION

CHIEF EXECUTIVE OFFICER REMUNERATION

Metlifecare has an employment agreement with Glen Sowry in relation to his employment as Chief Executive Officer. The total remuneration package for Mr Sowry for the period to 30 June 2019 comprised:

- Fixed Remuneration, including base salary, matched KiwiSaver contributions up to a maximum of 3%, and other benefits.
- Short Term Incentive (STI) payments offered and payable at the discretion of the Board. The STI paid in the financial year ended 30 June 2019 was in relation to performance delivered for the year to 30 June 2018 and had a potential value of 40% of base salary. In order to be eligible for the STI, a financial “gateway” target had to first be met following which the Board assessed the STI on the basis of 70% organisational KPIs and 30% individual KPIs. These included asset delivery, sales and other profitability metrics as well as customer satisfaction and employee engagement and were set in order to ensure that the Chief Executive Officer was incentivised to meet and/or exceed the Company’s strategic and operational targets. An applicable STI payment for the period 1 July 2018 to 30 June 2019 will be paid in FY20.
- Participation in the Senior Executive Long Term Incentive Plan (LTIP) has been offered to the Chief Executive Officer at the discretion of the Board. This performance incentive is designed to align senior executive remuneration with financial outcomes for shareholders for the longer term. Shares were purchased using an interest free loan. The shares vest after three years if all performance hurdles are met.

CHIEF EXECUTIVE OFFICER REMUNERATION 30 JUNE 2017 TO 30 JUNE 2019

Year	Base Salary	STI	LTIP ¹	KiwiSaver	Total Remuneration
FY19	\$600,000*	\$187,200**	\$270,000 (shares issued, not vested)	\$23,616	\$810,816
FY18	\$595,074*	\$203,431**	\$193,050 (shares issued, not vested)	\$23,973	\$822,478
FY17	\$585,053*	\$57,000**	\$191,858 (shares issued, not vested)	\$8,822	\$650,875

*Actual salary paid including annual leave
**Actual STIs that were paid for performance during previous financial year
¹ Gross figures, not taxable

EMPLOYEES’ REMUNERATION OVER \$100,000

The number of employees, or former employees of the Company, or any subsidiary, not being directors, who during the year, received remuneration and other benefits valued at or exceeding \$100,000, are set out below. Remuneration includes salary, employer KiwiSaver contributions, performance bonus payments, termination settlement payments, insurance premiums and the value of shares transferred to employees under the Metlifecare Long Term Incentive Plan during the year ended 30 June 2019.

Remuneration	Number of Employees	Remuneration	Number of Employees
\$100,000 - \$110,000	13	\$240,000 - \$250,000	2
\$110,000 - \$120,000	9	\$270,000 - \$280,000	1
\$120,000 - \$130,000	15	\$280,000 - \$290,000	2
\$130,000 - \$140,000	3	\$290,000 - \$300,000	1
\$140,000 - \$150,000	2	\$350,000 - \$360,000	1
\$150,000 - \$160,000	4	\$360,000 - \$370,000	1
\$160,000 - \$170,000	3	\$370,000 - \$380,000	1
\$170,000 - \$180,000	3	\$480,000 - \$490,000	1
\$180,000 - \$190,000	6	\$490,000 - \$500,000	1
\$190,000 - \$200,000	4	\$810,000 - \$820,000	1
\$200,000 - \$210,000	2	Total Number of Employees Paid	76

DONATIONS

The Company paid a total of \$40,710 in donations in the year to 30 June 2019. This consisted of \$33,210 to various Residents’ Committees to enable residents to pay for specific items and \$7,500 to the Westpac Rescue Helicopter.

NZX WAIVERS

No waivers were granted by the NZX in favour of the Company, or relied on, in the 12 month period to 30 June 2019.

LIMITATIONS ON THE ACQUISITION OF COMPANY SECURITIES

The Company is not subject to Chapters 6, 6A, 6B and 6C of the Australian Corporations Act 2001 dealing with the acquisition of shares (including substantial holdings and takeovers).

Limitations on the acquisition of securities imposed under New Zealand law are as follows:

- In general, securities in the Company are freely transferable and the only significant restrictions or limitation in relation to the acquisition of securities are those imposed by New Zealand laws relating to takeovers, overseas investment and competition
- The New Zealand Takeovers Code creates a general rule under which the acquisition of 20% or more of the voting rights in the Company or the increase of an existing holding of 20% or more of the voting rights of the Company can occur in certain permitted ways. These include a full takeover offer in accordance with the Takeovers Code, an acquisition approved by an ordinary resolution, an allotment approved by an ordinary resolution, a creeping acquisition (in certain circumstances), or compulsory acquisition of a shareholder holding 90% or more of the shares
- The Overseas Investment Act 2005 (as amended) and Overseas Investment Regulations 2005 regulate certain investments in New Zealand by overseas interests. In general terms, the consent of the New Zealand Overseas Investment Office is likely to be required where an ‘overseas person’ acquires shares in the Company that amount to 25% or more of the shares issued by the Company, or if the overseas person already holds 25% or more, the acquisition increases that holding
- The Commerce Act 1986 is likely to prevent a person from acquiring shares in the Company if the acquisition would have, or would be likely to have, the effect of substantially lessening competition in the market.

PLACE OF INCORPORATION

The Company is incorporated in New Zealand with a Certificate of Incorporation number 237544.

CREDIT RATING

The Company has no credit rating.

SHAREHOLDER INFORMATION

TWENTY LARGEST SHAREHOLDERS

As at 12 July 2019

REGISTERED SHAREHOLDER		Number of Shares	% Shares
1	HSBC Nominees A/C NZ Superannuation Fund Nominees Limited	42,363,688	19.86
2	BNP Paribas Nominees (NZ) Limited	13,556,112	6.36
3	Citibank Nominees (New Zealand) Limited	13,132,741	6.16
4	JPMorgan Chase Bank NA NZ Branch-Segregated Clients Acct	12,045,785	5.65
5	Accident Compensation Corporation	11,659,436	5.47
6	HSBC Nominees (New Zealand) Limited	10,216,245	4.79
7	FNZ Custodians Limited	9,053,795	4.24
8	ANZ Wholesale Trans-Tasman Property Securities Fund	7,725,802	3.62
9	MFL Mutual Fund Limited	7,311,086	3.43
10	Generate Kiwisaver Public Trust Nominees Limited	6,475,050	3.04
11	ANZ Wholesale Australasian Share Fund	6,069,229	2.85
12	JBWere (NZ) Nominees Limited	4,851,678	2.27
13	Forsyth Barr Custodians Limited	4,238,837	1.98
14	New Zealand Depository Nominee Limited	1,841,332	0.86
15	Custodial Services Limited	1,628,484	0.76
16	FNZ Custodians Limited	1,308,463	0.61
17	Custodial Services Limited	1,191,320	0.55
18	Custodial Services Limited	1,112,187	0.52
19	Investment Custodial Services Limited	910,880	0.42
20	PT (Booster Investments) Nominees Limited	702,555	0.32
TOTAL		157,394,705	73.76

SPREAD OF HOLDINGS

As at 12 July 2019

Size of holdings	Number of shareholders	%	Number of shares held	%
1 – 1,000	1,277	28.53	706,362	0.33
1,001 – 5,000	2,053	45.86	5,296,442	2.48
5,001 – 10,000	580	12.96	4,269,877	2.00
10,001 – 100,000	507	11.33	11,698,101	5.48
100,001 and over	59	1.32	191,333,940	89.71
TOTAL	4,476	100.00	213,304,722	100.00

SUBSTANTIAL PRODUCT HOLDERS

The entities who, under section 293 of the Financial Markets Conduct Act 2013, were Substantial Product Holders in the Company as at 30 June 2019 were:

Substantial Product Holders	Shares	%
New Zealand Superannuation Fund Nominees Limited	42,156,178	19.76
ANZ New Zealand Investments Limited, ANZ Bank New Zealand Limited, ANZ Custodial Services New Zealand Limited, ANZ New Zealand Investments Nominees Limited and OnePath Funds Management Limited (Australia)	25,249,386	11.84
Investment Services Group Limited	13,701,326	6.42
Accident Compensation Corporation	10,686,944	5.01

Notes:

- The total number of voting securities of the Company on issue at 30 June 2019 was 213,304,722 ordinary fully paid shares. All shares carry one vote per share.
- The percentage column in the table above reflects each product holder's holding as a percentage of the current issued share capital of the Company. This percentage may have changed from the percentage that was disclosed by the product holder in the relevant disclosure notice, due to further shares being issued or traded after the disclosure was made.

NET TANGIBLE ASSETS PER SECURITY

30 June 2019	30 June 2018
\$6.96	\$6.88

DIRECTORY

Directors

Kim Ellis - Chair
Chris Aiken
Mark Binns
Alistair Ryan
Rod Snodgrass
Carolyn Steele
Dr Noeline Whitehead

Executive Team

Glen Sowry
Chief Executive Officer

Richard Thomson
Chief Financial Officer

Tanya Bish
Clinical Nurse Director

Richard Callander
General Manager Operations

Julie Garlick
General Manager Marketing

Huma Houghton
General Manager Human Resources

Sandra King
General Manager Sales

Andrew Peskett
General Counsel & Company Secretary

Charlie Anderson
(has resigned, finishes in September 2019)

Registered Office (New Zealand)

Level 4, 20 Kent Street
Newmarket, Auckland 1023
Postal Address: PO Box 37463
Parnell, Auckland 1151
Telephone: 09 539 8000
Facsimile: 09 539 8001
www.metlifecare.co.nz

Registered Office (Australia)

Level 61, Governor Philip Tower
1 Farrer Place, Sydney NSW 2000 Australia
Telephone: +61 2 9296 2000
Facsimile: +61 2 9296 3999

SHARE REGISTRAR NEW ZEALAND Computershare Investor Services Limited

Level 2, 159 Hurstmere Road,
Takapuna, Auckland 0622
Postal Address: Private Bag 92119
Victoria Street West, Auckland 1142
Investor Enquiries: 09 488 8777
www.computershare.co.nz/investorcentre

SHARE REGISTRAR AUSTRALIA Computershare Investor Services Pty Limited

Postal Address: GPO Box 2975
Melbourne, Victoria 3001, Australia
Investor Enquiries:
Telephone: +61 3 9415 4062
enquiry@computershare.co.nz

Lawyers

Chapman Tripp
Level 35
23 Albert Street
Auckland 1010

Bankers

ANZ Bank New Zealand Limited
Bank of New Zealand
ASB Bank Limited
Westpac New Zealand Limited

Auditor

PricewaterhouseCoopers
PwC Tower
188 Quay Street, Auckland 1142

Stock Exchange Listings

NZX Main Board
ASX Official List
- ASX Foreign Exempt Listing