

MEDIA RELEASE

20 August 2021

METLIFECARE BUILDS GROWTH MOMENTUM

Metlifecare Limited (NZX: MET) performance summary for the year ended 30 June 2021:

- **Reported net profit after tax \$304.4 million, up from a loss of -\$33.7 million**
- **Statutory operating cash flow \$119.3 million, up from \$116.0 million¹**
- **Total assets \$4.078 billion, up from \$3.571 billion**
- **Total equity \$1.842 billion, up from \$1.533 billion**
- **Net gearing 16.6%, compared with 16.9% last year**
- **Opening of Pohutukawa Landing, Metlifecare's 26th village**
- **Multiple large-scale development projects under way**

Retirement village and aged care operator Metlifecare today reported a significantly improved financial performance for the year ended 30 June 2021, with a reported net profit after tax of \$304.4 million, \$338.1 million ahead of last year, a result the new Metlifecare Board are pleased to announce.

Metlifecare Chief Executive Earl Gasparich said the result reflected a number of achievements that Metlifecare had made during the year.

"We are proud of the way everyone – staff and residents alike – have adapted and looked after each other's safety and wellbeing during a year of intermittent COVID-19 restrictions. Our strong operating performance has highlighted the wide appeal of Metlifecare's villages and aged care facilities, where we experienced record levels of demand and strong occupancy across all of our villages."

"Our development programme has also progressed extremely well, with Pohutukawa Landing opening in Beachlands in June."

Metlifecare's operating revenue was \$143.5 million, 7% higher than last year due to continued growth in care revenue and higher deferred management fees. This, together with a 21% increase in realised resales gains grew statutory operating cash flow¹ to \$119.3 million for the year.

Mr Gasparich noted that during the year, Metlifecare had repaid the \$6.8 million COVID-19 wage subsidy received late in the previous financial year. The company believed this was the appropriate action given Metlifecare's financial position and reflected the spirit of the scheme.

Reported net profit after tax was \$304.4 million for the year, a significant uplift on last year's loss of -\$33.7 million. This increase was driven primarily by a fair value gain on its investment property portfolio of \$335.5 million. The strong increase in the value of Metlifecare's investment property

¹ Excluding the receipt of the COVID-19 wage subsidy in FY20 (\$7.1m) and the repayment of this subsidy in FY21 as set out in note 2.2 to the Group Financial Statements.

reflects the reversal of COVID-19 related property valuation assumptions applied in the prior year and completion of new developments at Pohutukawa Landing.

Metlifecare's balance sheet remains strong. Total assets increased by \$507 million to \$4.1 billion, underpinned by the growth in the value of its investment properties and care homes. Net assets increased by \$309 million or 20% to \$1.8 billion. Net debt increased to \$358 million, with gearing (debt to valuation ratio) remaining low at 16.6%.

Mr Gasparich said that the company's banking facilities were refinanced and the overall facility limit was extended to \$600 million (from \$350 million) during the year. "These facilities, together with the existing \$100 million secured bond, will provide the capacity for Metlifecare to drive its ambitious development programme."

Development momentum gaining

Mr Gasparich said development momentum had been firmly established during the year, with the company investing \$171 million in development activities. "We welcomed the first residents to our new Pohutukawa Landing village in Beachlands as well as making solid progress on five large-scale project developments. These developments include two new villages at Fairway Gardens (Botany, Auckland) and Orion Point (Hobsonville Point, Auckland), both due to open in FY22 and new homes and community amenities at Pohutukawa Landing and Gulf Rise (Red Beach, Hibiscus Coast)." We are also looking forward to completing a multi-year regeneration project at Edgewater village (Pakuranga, Auckland) in FY22, which will transform the site with a new community centre, care home and independent living apartments."

Metlifecare was also pleased to enter into agreements to acquire premium new village sites in Havelock North and South Auckland, which will each comprise independent living units; including villas and apartments and a premium care centre. "Our goal is to significantly increase our build rate, and we have made significant progress to deliver this. We look forward to sharing more exciting development and land acquisition news in the coming months."

Building for the future

Metlifecare was acquired by funds advised by EQT Partners in November 2020, which led to the appointment of a new Board of Directors. During the year the Metlifecare management team, together with this new Board and representatives from EQT Partners, developed Metlifecare's Full Potential Plan, a bold growth strategy aimed at creating value sustainably and responsibly. Mr Gasparich said Metlifecare was now focused on executing the plan under new leadership, with a number of transformational workstream initiatives under way.

"This plan is centred on the future needs of New Zealand's growing aged care sector, where we believe there are significant opportunities to expand and enhance what we can offer to current and future residents."

Mr Gasparich said the success of Metlifecare's growing care home operation over the last few years had strengthened its ambition to increase provision of a full continuum of care to residents, through opening new homes and converting existing facilities. Digital transformation of village and care home operations is also a key area of focus.

Mr Gasparich said that taking a fresh approach to sustainability was a key part of the plan, and in keeping with the values of its owner, “We have recently appointed an experienced sustainability manager to lead the expansion and advancement of our ESG framework. This will draw inspiration from previous successes in areas like green buildings, and resident and community projects and create a larger, enhanced organisational strategy.”

“The strategy will see Metlifecare working in partnership with all of our key stakeholders, including our residents - many of whom are doing fantastic work in their local communities.”

Mr Gasparich acknowledged the wider Metlifecare team for their continued focus on delivery, care and support for Metlifecare’s 6,000 residents, and for all that they have achieved over the last 12 months. Metlifecare was also pleased to recently undertake a review of its Occupation Right Agreement template which will shortly result in more favourable conditions for new residents.

Post balance-date, Metlifecare was delighted to be declared the inaugural 5-star winner of Canstar Blue's 2021 Most Satisfied Customers Award in the Retirement Villages category. Mr Gasparich said the award reflected Metlifecare’s efforts to keep residents at the heart of everything it does.

Further commentary and detail in relation to the above is set out in the notes to the financial statements.

This announcement is authorised for release to the market by the Company Secretary.

ENDS

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About Metlifecare:

Metlifecare is a leading New Zealand owner and operator of retirement villages, providing rewarding lifestyles and outstanding care to around 6,000 New Zealanders. Established in 1984, it currently owns and operates a portfolio of 26 villages in areas with strong local economies, supportive demographics and high median house prices, located predominantly in New Zealand’s upper North Island.