

## **MEDIA RELEASE**

**28 APRIL 2020**

# **METLIFECARE REJECTS NOTICE TO TERMINATE SCHEME IMPLEMENTATION AGREEMENT**

Metlifecare Limited (NZX: MET, ASX: MEQ) has today received a notice to terminate the Scheme Implementation Agreement (**SIA**) entered with Asia Pacific Village Group Limited (**APVG**), an entity owned by EQT Infrastructure IV fund and managed by EQT Fund Management S.à.r.l.

The Metlifecare Board has rejected the notice to terminate from APVG as entirely invalid and reiterates its belief, based on legal advice, that there is no lawful basis for APVG to terminate the SIA.

Under New Zealand law, an invalid termination is treated as a 'repudiation' of the contract enabling the non-defaulting party to elect to either (i) cancel the contract and seek damages or (ii) continue with the contract and require the defaulting party to perform its obligations.

Metlifecare remains strongly committed to the successful completion of the scheme in the interests of all shareholders and remains on track to dispatch the scheme materials ahead of a shareholder meeting to vote on the scheme, intended to be held at 11am on 9 June as a 'virtual' meeting, subject to receipt of orders from the High Court.

Metlifecare Chair Kim Ellis said: "The fundamental assumptions that APVG uses to justify its Notice to Terminate are simply wrong. There has been no breach of the 'Material Adverse Change' (**MAC**) metrics and/or any 'Prescribed Occurrence', as claimed by APVG, and such breaches, if they were to occur, would be covered in either case by specific exceptions under the SIA. Metlifecare considers APVG and its parent company EQT have misstated the terms of the SIA and are wrongly attempting to withdraw from an agreement they willingly entered less than four months ago. We expect them to honour their obligations under the SIA."

On 8 April 2020, Metlifecare informed the market that it had received from APVG a notice of its intention to terminate the SIA. Metlifecare's response to APVG's accusations, which the Board considers are without foundation, was summarised in its Market Update on 20 April 2020. Metlifecare's position is further detailed in its formal response to the notice of intention to terminate, which was provided to APVG on 23 April 2020 and is attached to this release.

In summary, among other matters the Board notes that:

- On the basis of information available to it, Metlifecare does not consider either of the MAC metrics – related to consolidated net tangible assets (**NTA**) and consolidated underlying net profit – has been triggered or is reasonably likely to be triggered;
- To the extent there may have been a reduction in Metlifecare's consolidated NTA or its reasonably expected consolidated underlying net profit, this is the result of changes in general economic conditions or changes in law as part of the New Zealand government's Level 4 lockdown restrictions. Changes in general economic conditions and changes in law are carve-outs under the MAC;

- There is no basis to suggest that these changes in general economic conditions and changes in law have had a materially disproportionate effect on Metlifecare, as would be required under the MAC; and
- Metlifecare has, at all times, provided information where reasonably requested by APVG under the SIA. In any event, none of the matters that have been the subject of the recent detailed communications between the parties are sufficiently material to the group as a whole to justify termination, even if there had been any breach in respect of them.

As foreshadowed on 20 April, Metlifecare has retained the services of Stephen Hunter QC to assist it, alongside top tier New Zealand law firm Chapman Tripp.

Metlifecare shareholders do not need to take any action at this time.

This announcement is authorised for release to the market by the Board of Metlifecare Limited.

## **Ends**

### **For more information please contact:**

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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 more than 5,600 New Zealanders. Established in 1984, it currently owns and operates a portfolio of 25 villages in areas with strong local economies, supportive demographics and high median house prices, located predominantly in New Zealand's upper North Island.