

# METLIFECARE FY19

RESULTS PRESENTATION  
26 AUGUST 2019

Beachlands Maraetai Boardwalk  
near Pohutukawa Landing Village

# CONTENTS

- Introductory Comments
- FY19 Highlights
- Current and Planned Development
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# INTRODUCTORY COMMENTS

- Higher settlement volumes, prices and operating cash flow have been achieved in a tight market
- We maintain high conviction in our premium locations
- Construction cost increases and flat house prices have required adjustments to ensure continued development profitability without losing focus on our key markets



# FY19 HIGHLIGHTS



Gulf Rise villa interior

# FY19 RESULT SUMMARY

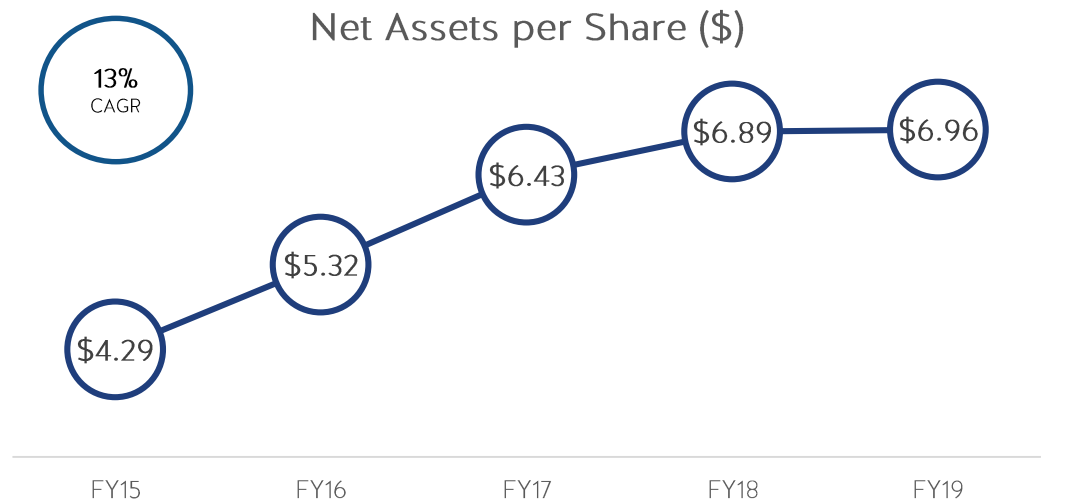
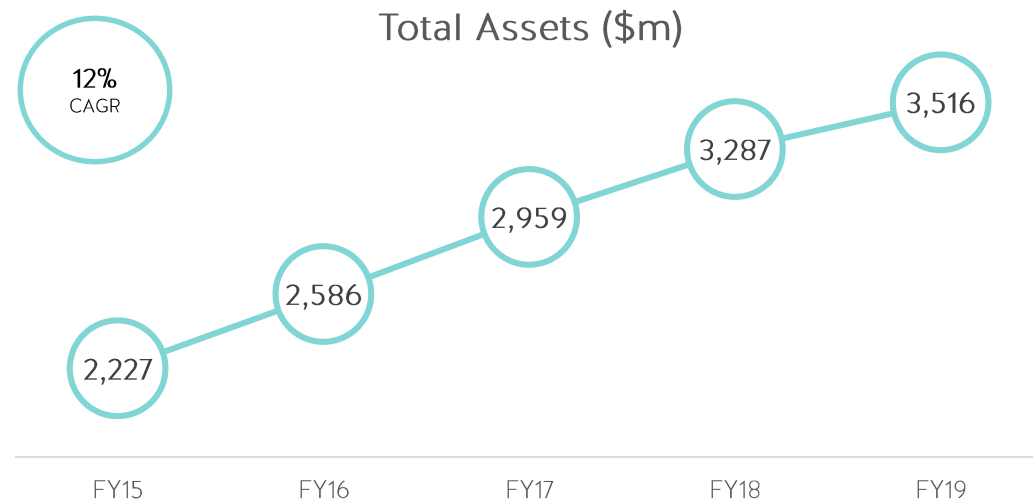
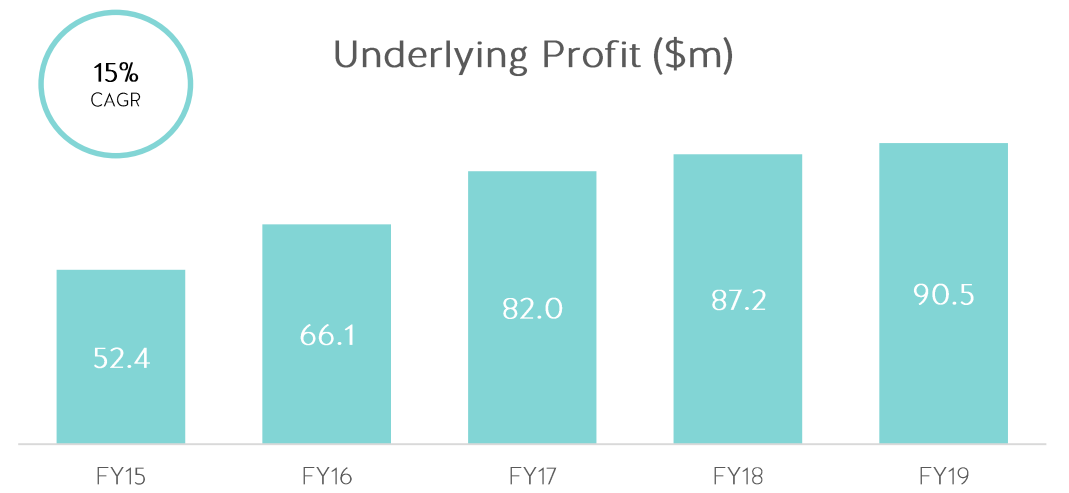
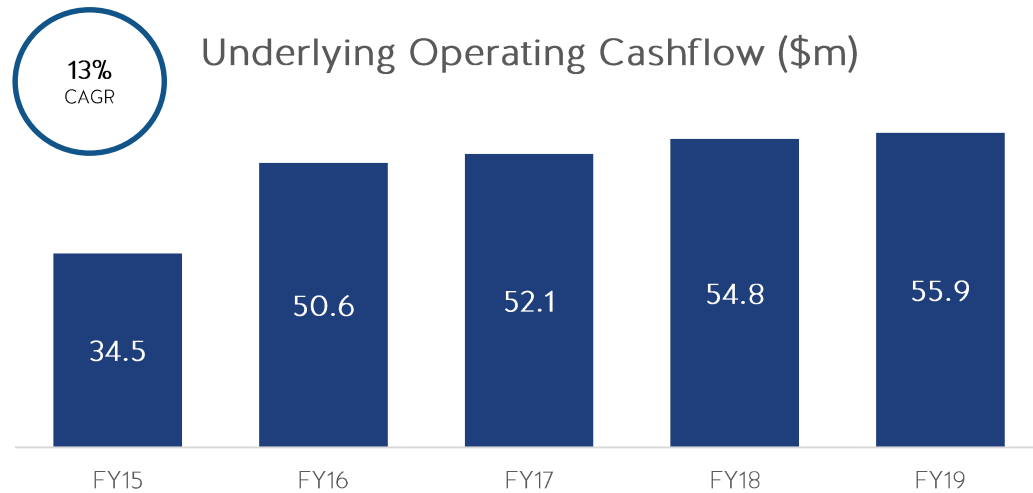
• Net Profit After Tax	\$39.2m
• Underlying Profit*	\$90.5m
• Fair Value Movement in Investment Properties	\$53.9m
• Net Statutory Operating Cash Flow	\$119.9m
• Underlying Operating Cash Flow*	\$55.9m
• Investment in New and Existing Villages	\$240m
• Total Assets	\$3.52bn
• Net Assets Per Share	\$6.96
• Final Dividend	7.25cps

*\*Non-GAAP measures – refer to Appendix H*



# CONTINUED IMPROVEMENT IN KEY FINANCIAL METRICS

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



# METLIFECARE'S VALUE PROPOSITION

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

- **Quality village portfolio**

Located in strong economies, high median house prices and supportive demographics

High demand and occupancy

- **High-value assets**

Reliable current and future DMF earnings and resale margins

High embedded values

- **Operational excellence**

Quality teams delivering exceptional experiences and care

Flexible, resident-led approach

- **Expansion programme**

New village development – five-year pipeline in place

Value-accretive village regeneration and intensification

Accelerated premium care home developments

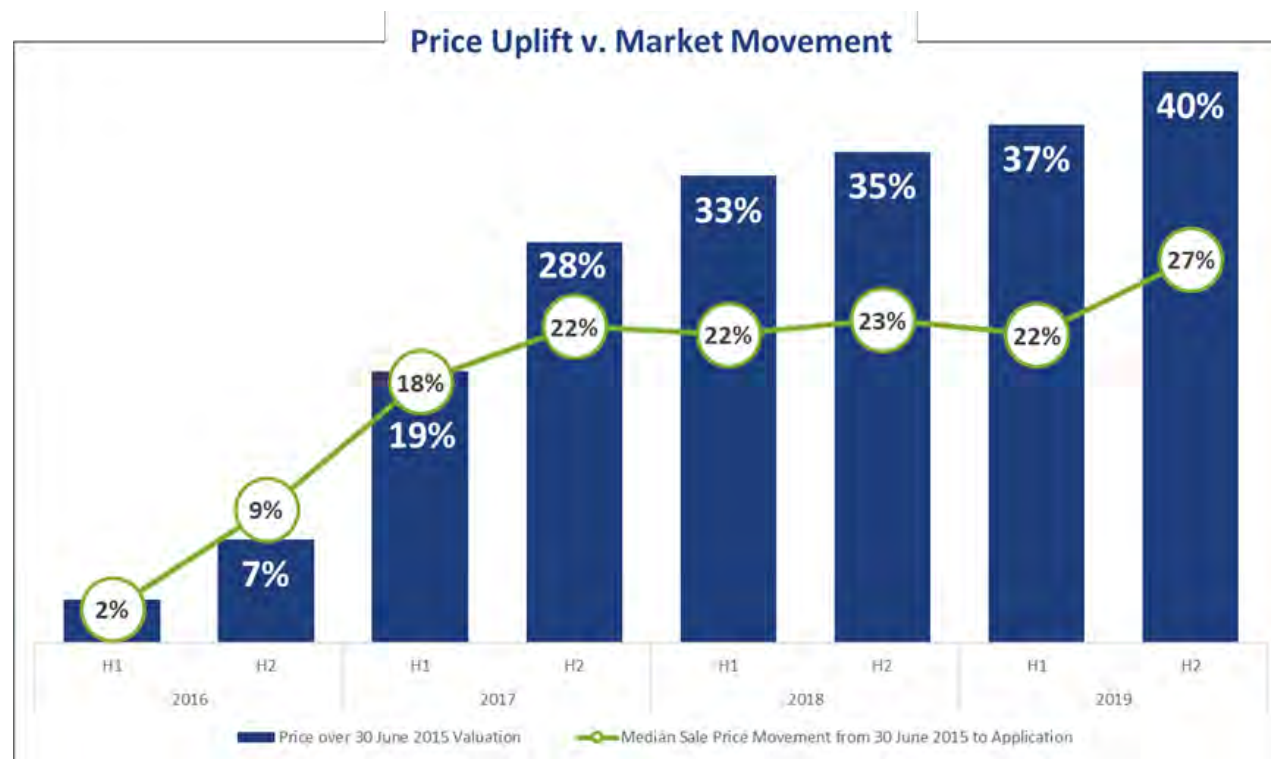
- **Strong balance sheet**



Residents at The Avenues

# FY19 OPERATIONAL HIGHLIGHTS

- Settlement volumes up 18% new homes 3% resales
- Sales price growth 5% new homes 6% on resales
- Consistently high occupancy 97% villages 96% care
- New Gulf Rise village welcomed its first residents in August
- 19% increase in care capacity from three new premium care homes



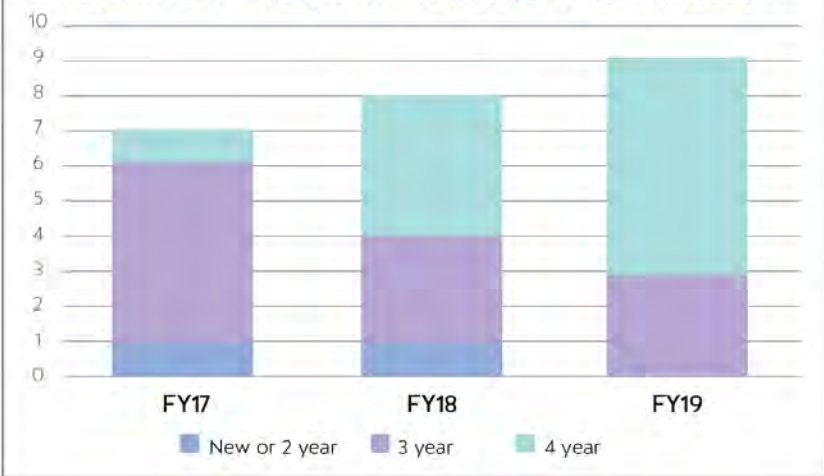
# FY19 OPERATIONAL HIGHLIGHTS CONTINUED

Greenwich Gardens

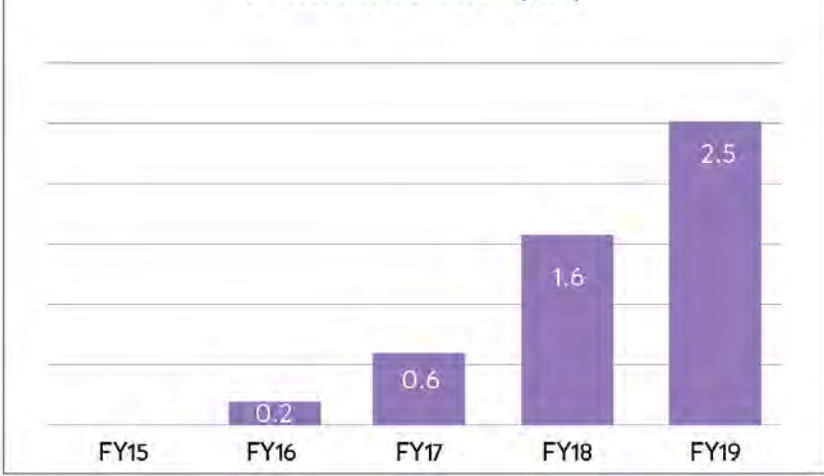


NZ Aged Care Association Awards Winner:  
Jackson Van Interiors Built and Grown Environments;  
Finalist in two further categories

Metlifecare Care Home MOH audit certification



Premium Revenue (\$m)



# CONTINUED INVESTMENT IN RESIDENT EXPERIENCE

## **Village environments**

Communal amenity upgrades

## **Resident wellbeing and experiences**

Bespoke village programmes designed with residents

Expanded food and dining services

'Your best You' wellbeing programme

## **Village management**

Investment in village leadership

Continued focus on quality resident care

Significant increase in satisfaction with village management

## **Our people are the heart of our villages**

81% employee engagement

81% retention (includes 87% carer retention)

11,395 hours of training

38% of staff in long term development programmes

Staff and family wellbeing programme launched



Wayne 'Buck' Shelford works out with Greenwich Gardens residents as part of 'Your best You' programme

# INVESTING IN THE QUALITY OF OUR EXISTING VILLAGES

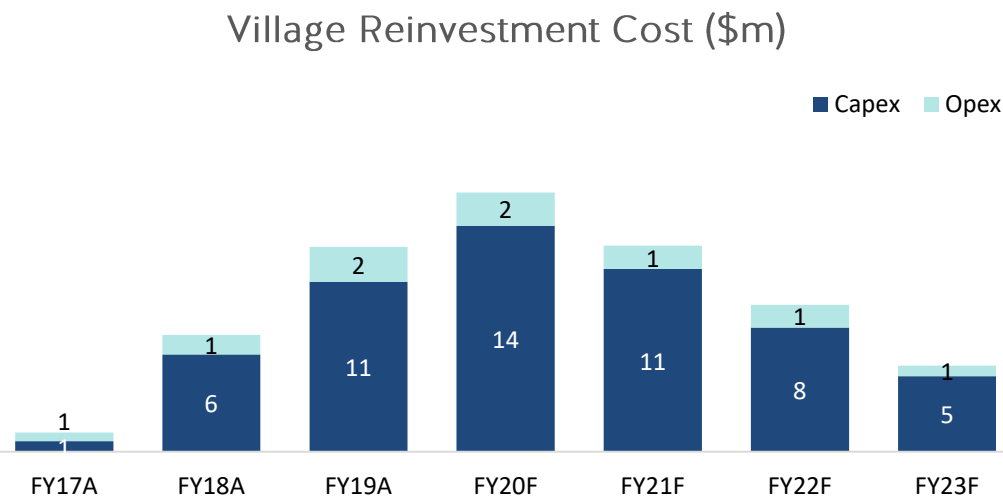
## Remediation programme on track for completion in 2023

- 85% involves capital investment in village betterment
- 15% involves general repairs and the advancement of preventative property maintenance costs that would otherwise be incurred in future periods

## CBRE valuation of Investment Property already includes the net present value of the projected remaining programme costs

Total programme cost, including the investment made to date, represents 4% of net assets or 31 cents per share

**Result:** improved competitiveness and value of homes



# CURRENT AND PLANNED DEVELOPMENT



Botany Village  
Resource Consent Image

## GULF RISE

35 villas (Stage 1) complete  
20 apartments (Stage 1) completing in 1HFY20



## PAPAMOA BEACH

29 villas (Stage 6) + 40 care beds +  
upgraded common facilities added.  
Village now complete



## GREENWICH GARDENS

48 apartments (Stage 9) complete  
48 apartments (Stage 10) completing in 1HFY20



## CRESTWOOD

13 villas completing in 1HFY20



# BOTANY

255 homes and beds  
FY21-FY24



Resource Consent Image

# POHUTUKAWA LANDING (Beachlands)

231 homes and beds  
FY21-FY24



Resource Consent Image

# ORION POINT

287 homes and beds  
FY22-FY26



View of construction site

# EDGEWATER

70 homes and beds  
FY21



Artist's Impression

# DEVELOPMENT AND PLANNING AT 10 SITES

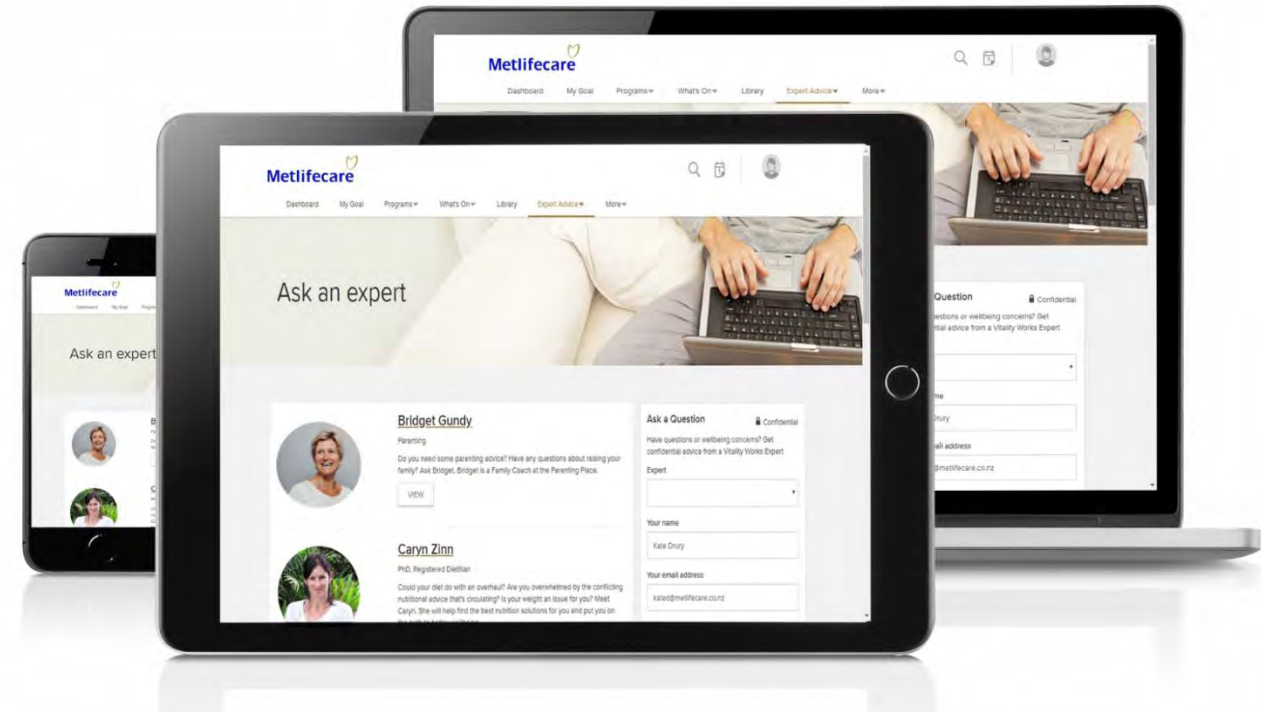


## DEVELOPMENT AND PLANNING AT 10 SITES



- Our strategy is to invest in markets that offer the best long term value creation and retain high conviction in our premium locations
- Vertical construction has experienced significant cost increases that have historically been recovered by higher prices
- In the current environment, Metlifecare has taken time to adjust its programme and processes to ensure development remains profitable without losing focus on its key markets
- Metlifecare expects to deliver 80 units by the end of 1HFY20
- 280 units and beds expected to be under construction for delivery in FY21

# ENRICHED LIVING EXPERIENCES

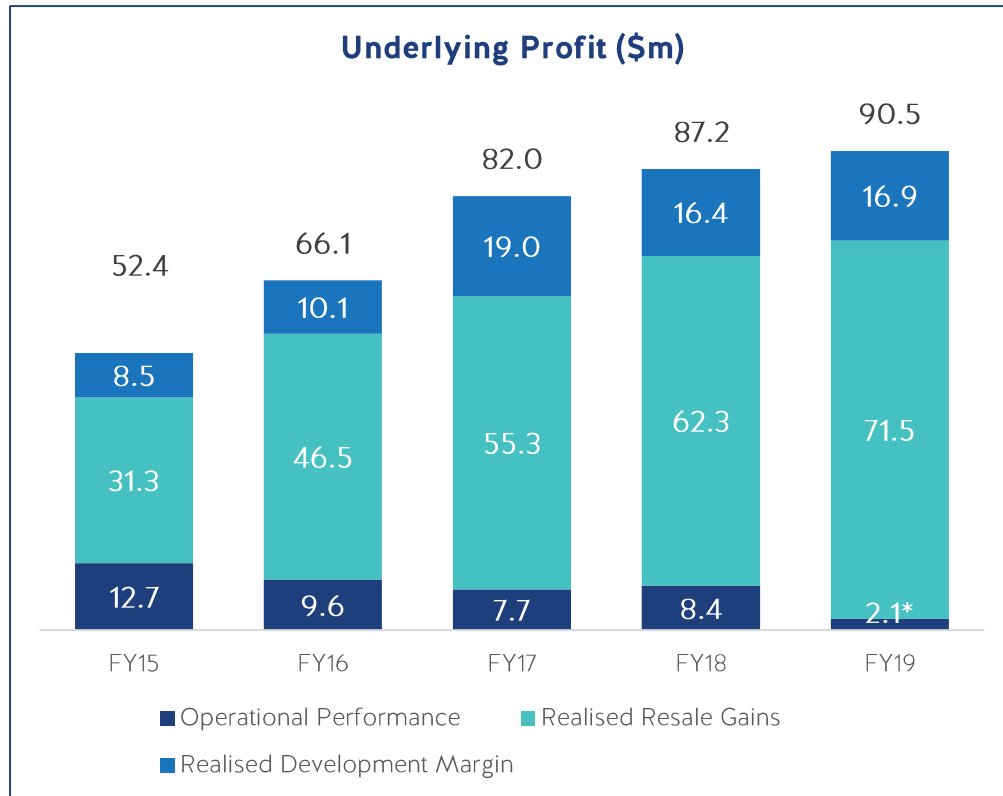


# FINANCIAL RESULTS

Pohutukawa Landing  
Resource consent application image



# UNDERLYING PROFIT UP REFLECTING POSITIVE RESALES PERFORMANCE AND DEVELOPMENT MARGINS



\*The key differences between FY19 and FY18 Operational Performance relate to higher promotional spend, higher property costs (including the expensed portion of the remediation programme) and expensed interest costs

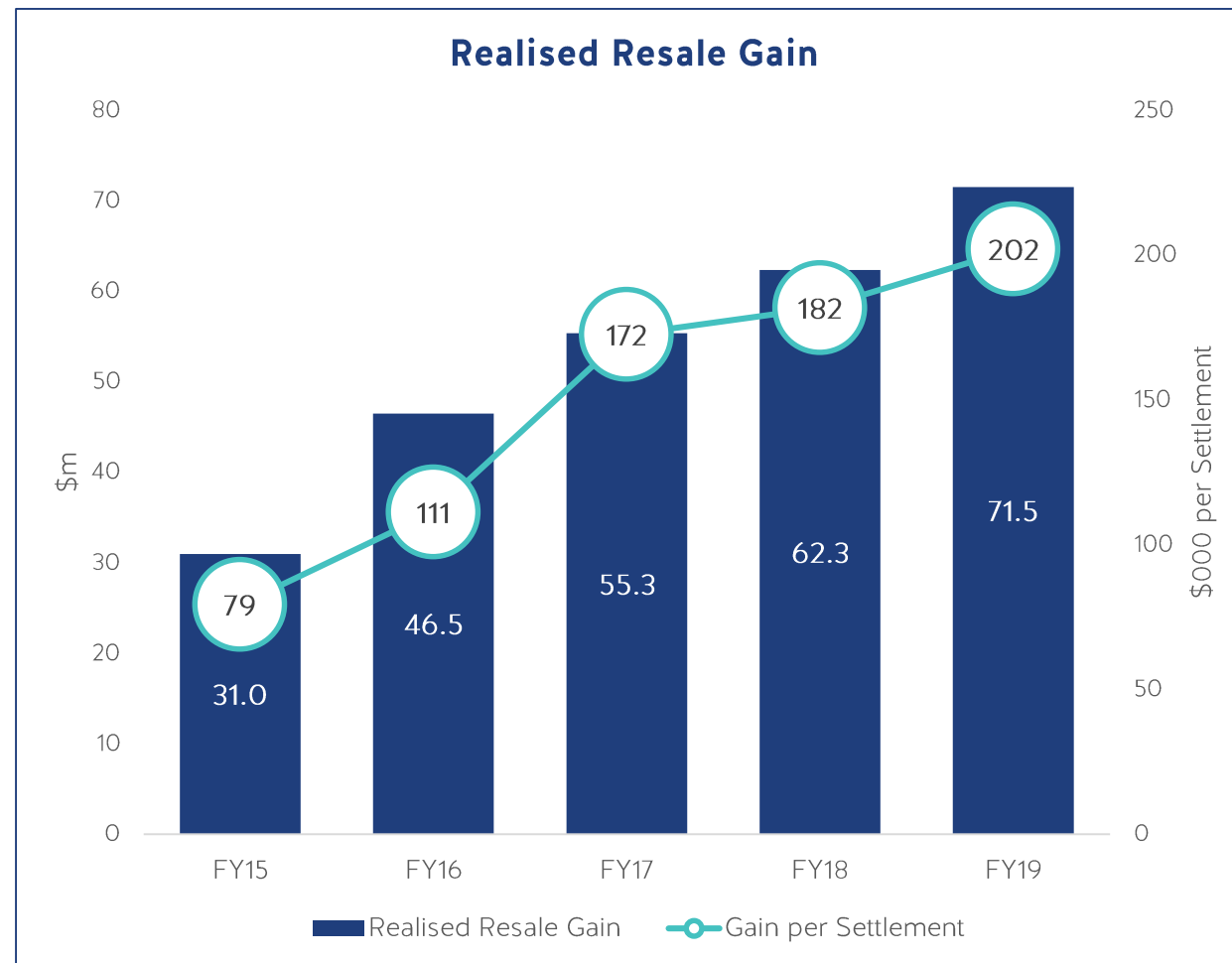
Year ended 30 June (\$m)*	FY19	FY18	Change
Village fees and care revenue	65.4	59.9	9%
Deferred management fees	55.5	52.0	7%
Other Income <sup>1</sup>	3.4	2.8	23%
Realised Resales Gains	71.5	62.3	15%
Realised Development Margin	16.9	16.4	3%
Joint Venture Share of Profit	0.1	2.0	-97%
<b>Total Income</b>	<b>212.8</b>	<b>195.4</b>	<b>9%</b>
Operating Expenses	111.2	99.3	12%
Resident Share of Capital Gains	3.6	4.7	-22%
Depreciation and amortisation <sup>2</sup>	5.8	4.2	39%
Net finance costs	1.7	0.0	100%
<b>Total Expenses</b>	<b>122.3</b>	<b>108.2</b>	<b>13%</b>
<b>Underlying Profit</b>	<b>90.5</b>	<b>87.2</b>	<b>4%</b>

\*Comparative period (FY18) figures have been restated to reflect the adoption of IFRS 9, 15 and 16

1. FY19 figure excludes non-recurring settlement receipt of \$6.5m
2. FY19 excludes \$16.3m Impairment of PPE largely relating to care homes completed at The Avenues and Papamoa Beach Village (vs \$3.8m Impairment of PPE in FY18 largely relating to the care home at Somervale)

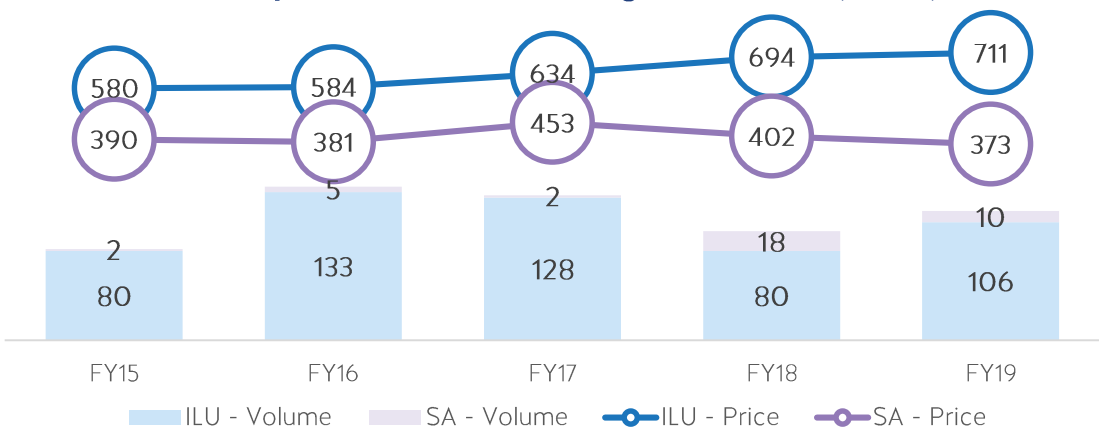
# RESALES OF 354 OCCUPATION RIGHTS AT GOOD MARGINS

Year ended 30 June	FY19	FY18	Change
<b>Resales</b>			
ILU	264	255	3.5%
SA	90	88	2.3%
Total Resales	354	343	3.2%
Value (\$m)	202.5	185.9	8.9%
Average price per unit (\$'000)	571.9	541.9	5.5%
Realised Resale Gains (\$m)	71.5	62.3	14.7%
Realised Resale Margin	35%	34%	+1 ppt
Realised DMF (\$m)	27.7	29.0	(4.5%)
<b>Resales Stock</b>			
Contracted (ILU/SA)	57/13	53/12	
Uncontracted (ILU/SA)	81/45	58/39	
Total Resales Stock	138/58	111/51	

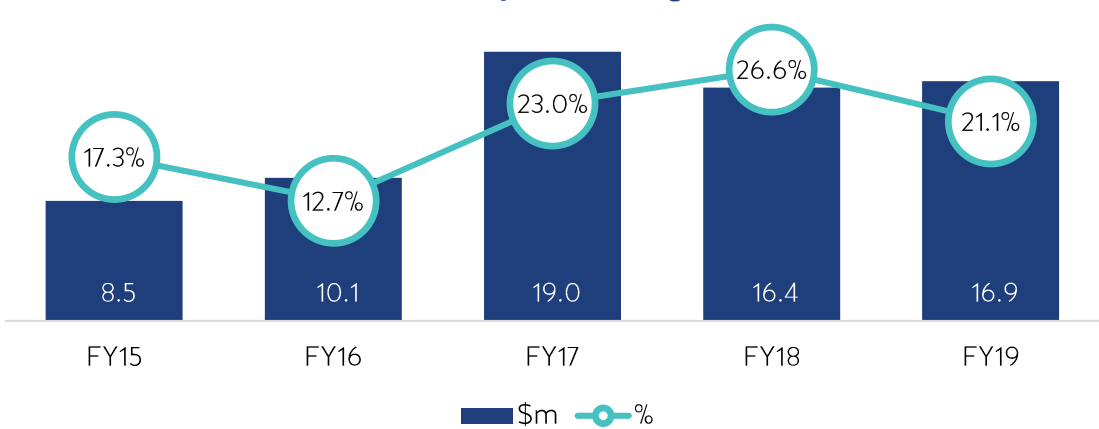


# DEVELOPMENT MARGIN 21%, REALISED MARGIN \$16.9M

Development Sales and Average ORA Price (\$'000)



Development Margin



Year ended 30 June	FY19	FY18	Change
New homes sold			
Value (\$m)	80.0	64.2	24.6%
Average Value per Settlement (\$'000)	689	655	5.2%
Development Margin (\$m)	16.9	16.4	2.7%
Development Margin	21%	27%	-6ppts
Development Stock			
Contracted (ILU/SA)	44/1	48/4	
Uncontracted (ILU/SA)	121/2	116/9	
Total Development Stock	168	177	

- Development margins remained strong at 21%
- The company started the year with 177 newly completed development stock units, 52 of which were contracted and 125 of which were uncontracted; 116 development stock units have since been settled, a further 45 are under application

# UNDERLYING OPERATING CASH FLOW REMAINS STRONG



Year ended 30 June (\$m)	FY19	FY18	Change
Resident receipts	99.0	88.1	12%
Development Sales	74.4	61.8	20%
Receipts from Resales of ORA	207.6	183.6	13%
Repayment of ORA	(146.8)	(111.0)	32%
Payments to Suppliers and Employees	(112.3)	(99.3)	13%
GST	0.9	0.9	-
Net Financing Costs	(1.6)	(0.1)	1,037%
Unit Buyback Costs	(1.3) <sup>#</sup>	(13.0)	(90%)
Net Operating Cash Flow as reported	119.9	111.0	8%
Net Operating Cash Flow as reported	119.9	111.0	
Less Development Sales	(74.4)	(61.8)	
Add Resident Liability Timing Adjustment*	7.5	(7.5)	
Add Net Financing Costs	1.6	0.1	
Add Buyback costs for remediation and regeneration <sup>#</sup>	1.3	13.0	
Underlying Operating Cash Flow	55.9	54.8	2%

\*The Resident Liability Timing Adjustment reflects payments made to outgoing residents post 30 June 2018 that related to homes resold in FY18 and settled prior to balance date (\$10.3m) less the associated cash DMF (\$2.8m). The Underlying Operating Cash Flow disclosed to the market in FY18 was reduced by the corresponding amount.

<sup>#</sup> Buyback costs in the period relate to brownfield redevelopment activity.

# NET PROFIT AFTER TAX REFLECTS LOWER HOUSE PRICE GROWTH

Year ended 30 June (\$m)	FY19	FY18	Change
Total Revenue	131.0	114.9	14%
Fair Value Movement of Investment Property	53.9	132.7	(59%)
Joint Venture Share of Profit	0.1	2.0	(97%)
Less Expenses	111.2	99.3	12%
Less Resident Share of Capital Gain	3.6	4.7	(22%)
Less Impairment of PPE	16.3	3.8	324%
Less Depreciation and Amortisation	5.8	4.2	39%
Less Finance Costs	1.9	0.3	610%
Net Profit Before Tax	46.2	137.3	(66%)
Tax Expense	6.9	14.7	(53%)
Net Profit After Tax	39.2	122.6	(68%)

- **Total revenue includes village fees and care revenue (\$65.4m) and accrued DMF (\$55.5m)**

Accrued DMF increased \$3.5m on prior year

Village revenue increased by \$5.5m (mainly care) due to higher DHB rates, improved occupancy and premium charging

- **Expenses increased due to**

Higher employee-related costs, including the on-going impact of skills shortages

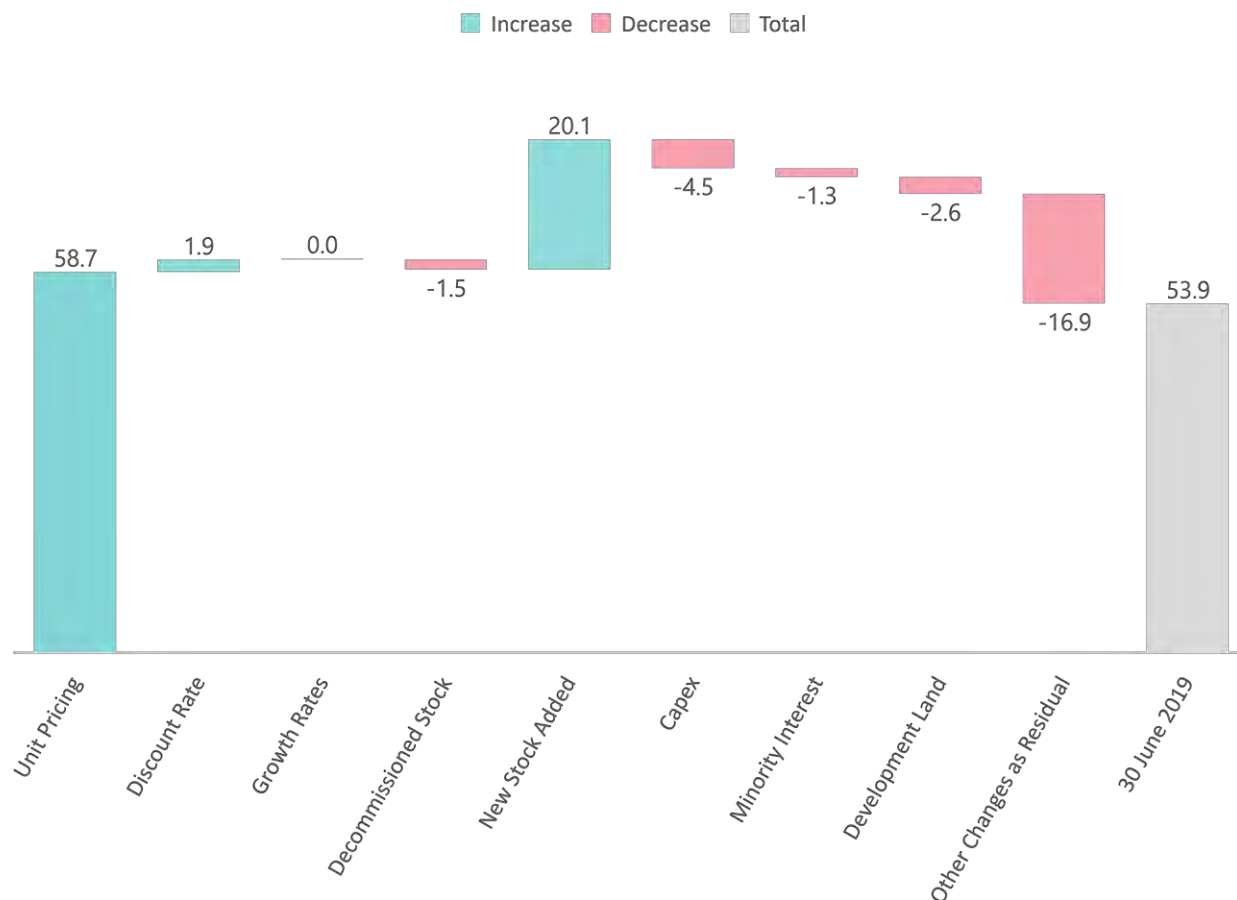
Higher sales and marketing costs

Higher property related costs, including the expensed portion of the company's reinvestment programme

- **An impairment** was recognised on both The Avenues and Papamoa Beach Village care homes both of which will ensure the on-going success and competitiveness of the company's portfolio in the Bay of Plenty

# \$53.9M FAIR VALUE MOVEMENT IN INVESTMENT PROPERTY

## Fair Value Movement of Investment Property



## The fair value movement of \$53.9m for FY19 was driven by

**Unit pricing +\$58.7m:** continued uplift in prices at existing homes

**Discount rates +\$1.9m:** adjustments to discount rate assumptions at Greenwich Gardens (14.75% reduced to 14.25%) and Papamoa Beach Village (15.00% reduced to 14.75%) to reflect maturing villages, offset by Danemora Gardens (12.75% increased to 13.00%)

**Decommissioned Stock -\$1.5m:** the permanent decommissioning of stock to enable brownfields development

**New investment property completed in FY19 +\$20.1m:** completed development stages at Greenwich Gardens, Gulf Rise and Papamoa Beach Village

**Capex -\$4.5m:** an increase in assumed maintenance capex allowances at older villages

**Other movements -\$16.9m:** changes in projected resident recycling profiles and all other valuation assumptions

Refer to **Appendix C** for key assumptions associated with the Investment Property valuation

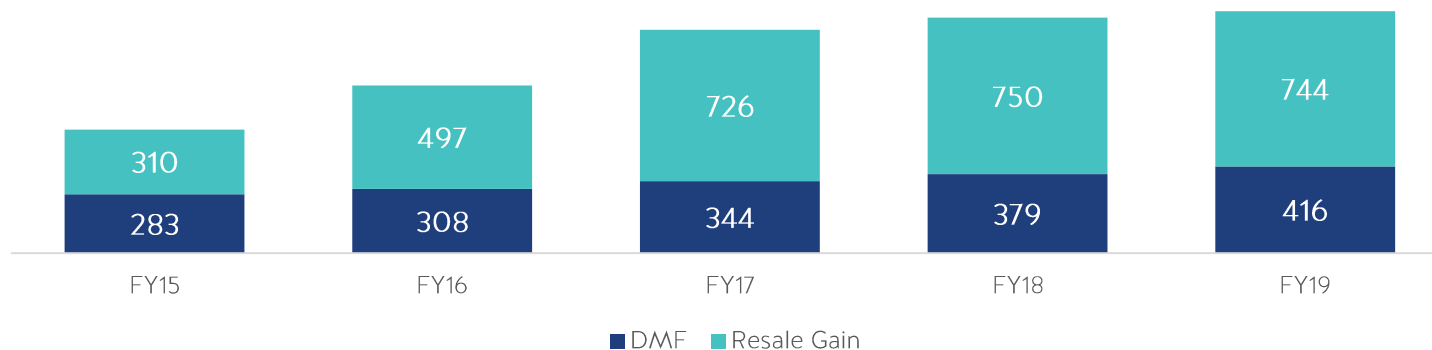
# VALUE OF INVESTMENT PROPERTY HAS RISEN BY 8%



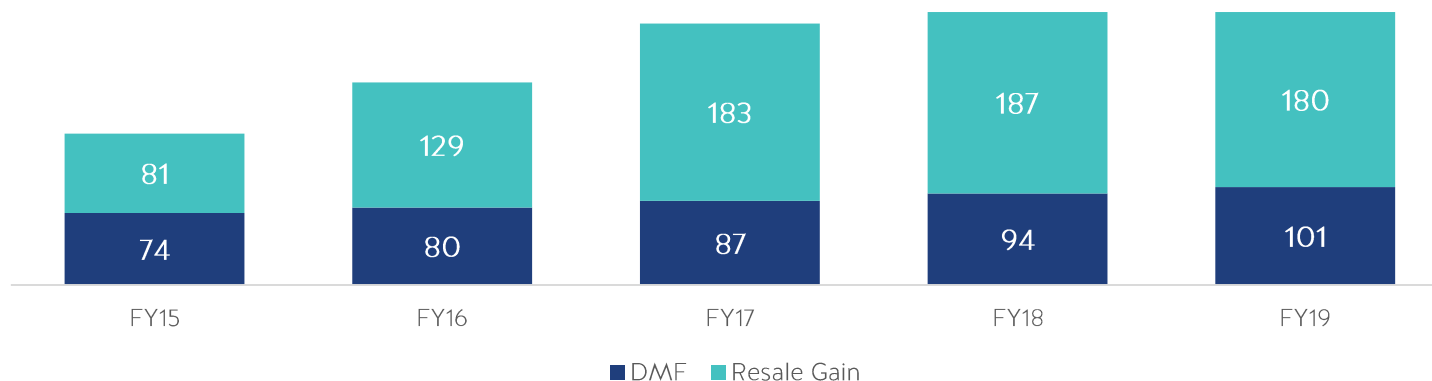
As at 30 June (\$m)	FY19	FY18	Movement	As at 30 June (\$m)	FY19	FY18	Movement
Cash and Other Current Assets	38.7	49.2	(21%)	Development Land	147.1	123.0	20%
Property, Plant and Equipment	53.4	54.8	(3%)	Investment Properties under Development	72.6	36.6	99%
Investment Properties	3,423.6	3,182.6	8%	Completed Investment Properties	1,620.1	1,556.5	4%
<b>Total Assets</b>	<b>3,515.7</b>	<b>3,286.6</b>	<b>7%</b>	Total Valuation	1,839.8	1,716.0	7%
Trade and Other Payables	41.3	72.0	(43%)	Plus Liability to Residents	2,022.3	1,865.6	8%
Derivative Financial Liabilities	1.5	0.4	256%	Less Receivable from Residents	(438.4)	(399.0)	10%
Interest Bearing Liabilities	279.2	156.8	78%	Total Investment Properties	3,423.6	3,182.6	8%
Deferred Management Fees	126.3	117.0	8%	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. Consequently, the comparative periods have been restated. 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.			
Refundable Occupation Right Agreements	1,458.4	1,355.1	8%				
Deferred Tax Liability	124.0	117.2	6%				
<b>Total Liabilities</b>	<b>2,030.7</b>	<b>1,818.5</b>	<b>12%</b>				
<b>Total Equity</b>	<b>1,485.0</b>	<b>1,468.1</b>	<b>1%</b>				
Net Assets per Share	\$6.96	\$6.89	1%				

# EMBEDDED VALUES CONTINUE TO INCREASE NOTWITHSTANDING THE REALISATION OF SIGNIFICANT GAINS DURING THE YEAR

Embedded Value (\$m)



Embedded Value per Unit (\$000)



**Embedded value per ORA** provides an indication of the potential future cash generation per settlement for the portfolio in terms of realised resale gains and DMF

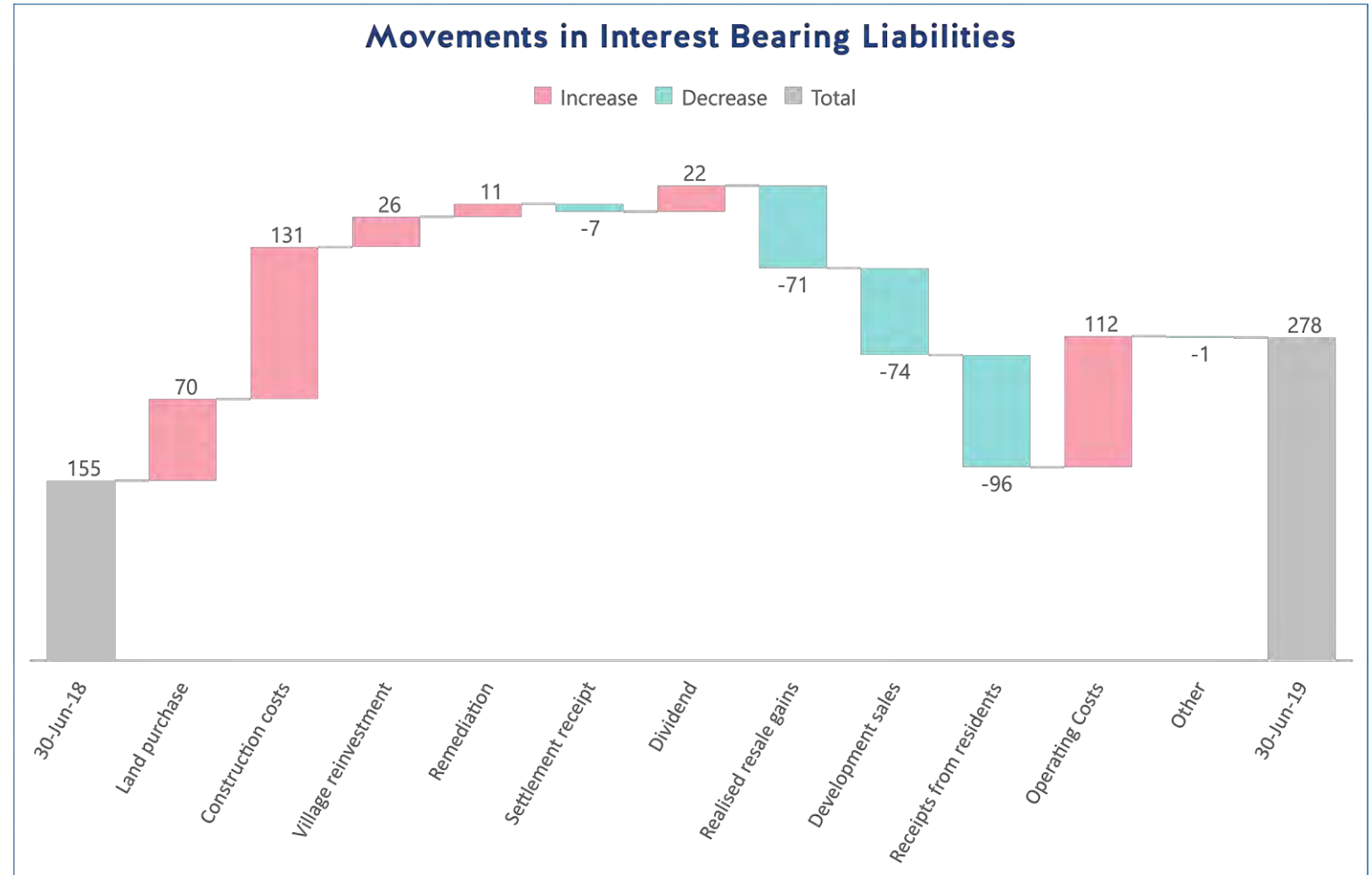
**Metlifecare's high embedded values reflect the significant capital gains that have accrued to the group as a result of house price inflation particularly over the last 10 years. These accrued gains will continue to be realised each time a unit is resold**

# DRAWN DEBT INCREASED DURING THE YEAR REFLECTING LAND ACQUISITIONS AND ON-GOING DEVELOPMENT

Debt Facilities (\$m)	FY19	FY18
Available	452.0	352.0
Drawn	277.8	154.7
Cash and Cash Equivalents	3.4	16.3
Net Interest Bearing Debt	274.4	138.4
Lease Liabilities	2.0	2.4
Net Interest Bearing Liabilities	276.4	140.8
Gearing*	15%	9%

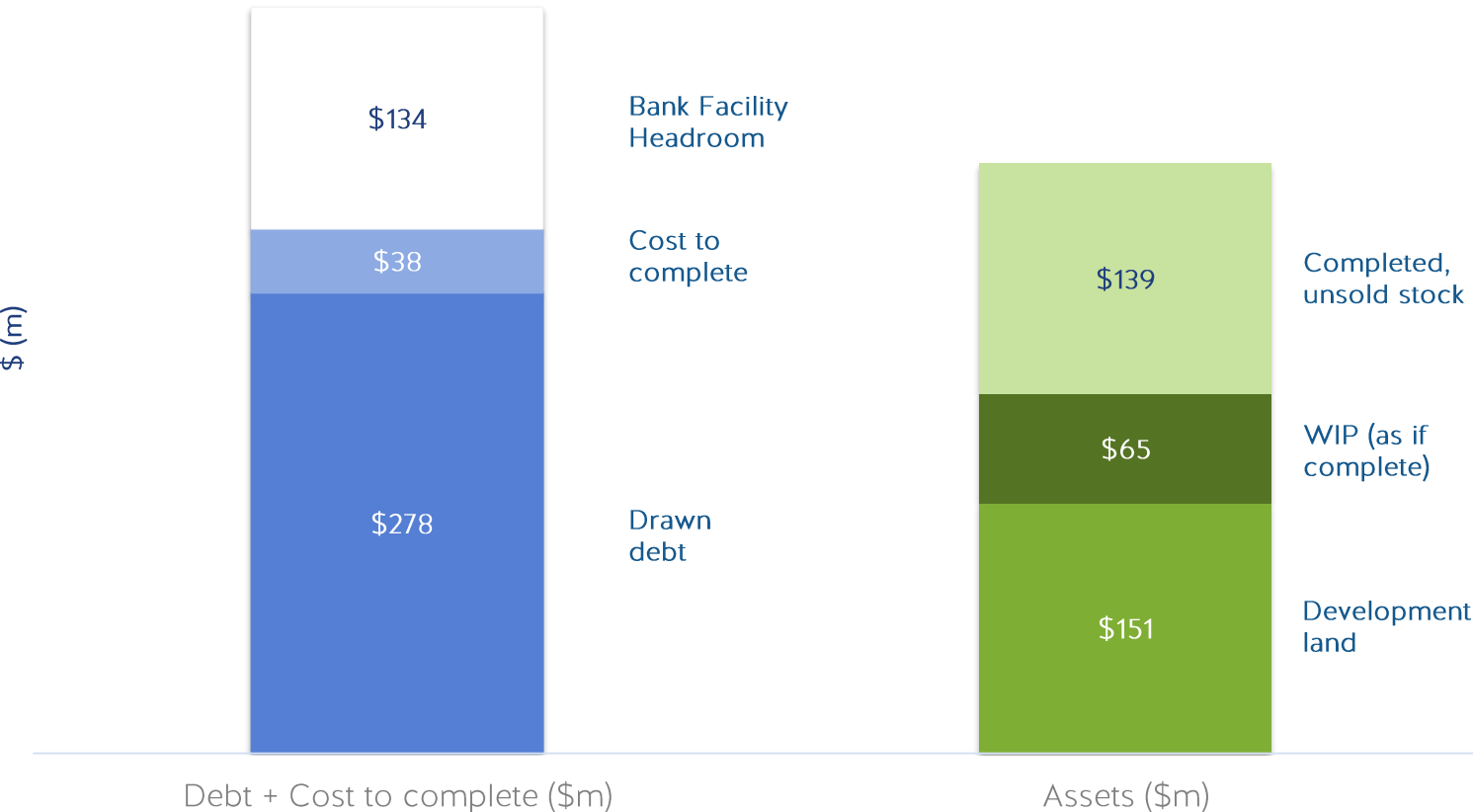
\*Drawn Debt/Investment Property Valuation

Preparatory work for a potential retail bond is largely complete, with market conditions and the timing of a potential issue currently being assessed. Proceeds from such an issue would be used to replace a portion of bank debt to provide diversity and increased tenor of funding.



# BORROWINGS REMAIN WELL SUPPORTED BY ASSET VALUES

Debt + Cost to Complete to Development Asset Values June 2019



Development projects are debt-funded

**Current borrowings plus costs to complete are well supported by the expected completed asset values and development land**

**Significant additional debt headroom exists to support the future development pipeline**

# FINAL DIVIDEND OF 7.25 CENTS PER SHARE CONTRIBUTES TO A 10% INCREASE IN FULL YEAR DISTRIBUTION

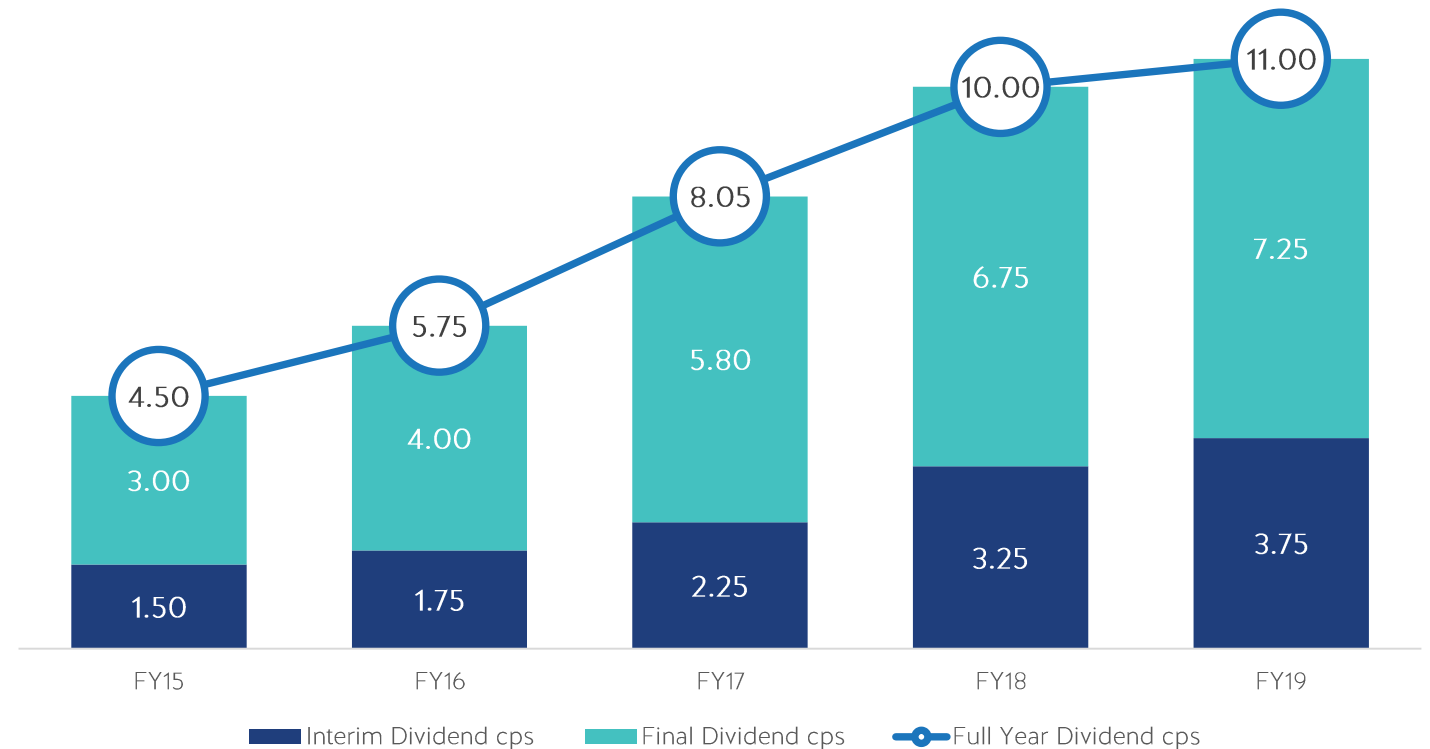
**A final unimputed dividend of 7.25 cps has been declared bringing total dividends for FY19 to 11.00 cps**

Record date 13 September 2019

Payment date 20 September 2019

The company is committed to maintaining a **dividend pay-out ratio of 30% to 50% of underlying operating cash flow**; development sales are excluded on the basis that they are utilised to repay development debt associated with the construction of new villages and are, therefore, not available for distribution to shareholders

Dividend History





# SUMMARY

## SUMMARY

- Sales cadence remains stable year on year
- 80 units scheduled to be delivered by the end of 1HFY20
- 280 units and beds scheduled to be under construction for delivery in FY21
- Increased investment and focus on innovation agenda
- Aiming to strengthen land bank using proceeds from possible sale of Albany land
- Bond preparations largely complete – timing of issue currently being considered



THANK YOU

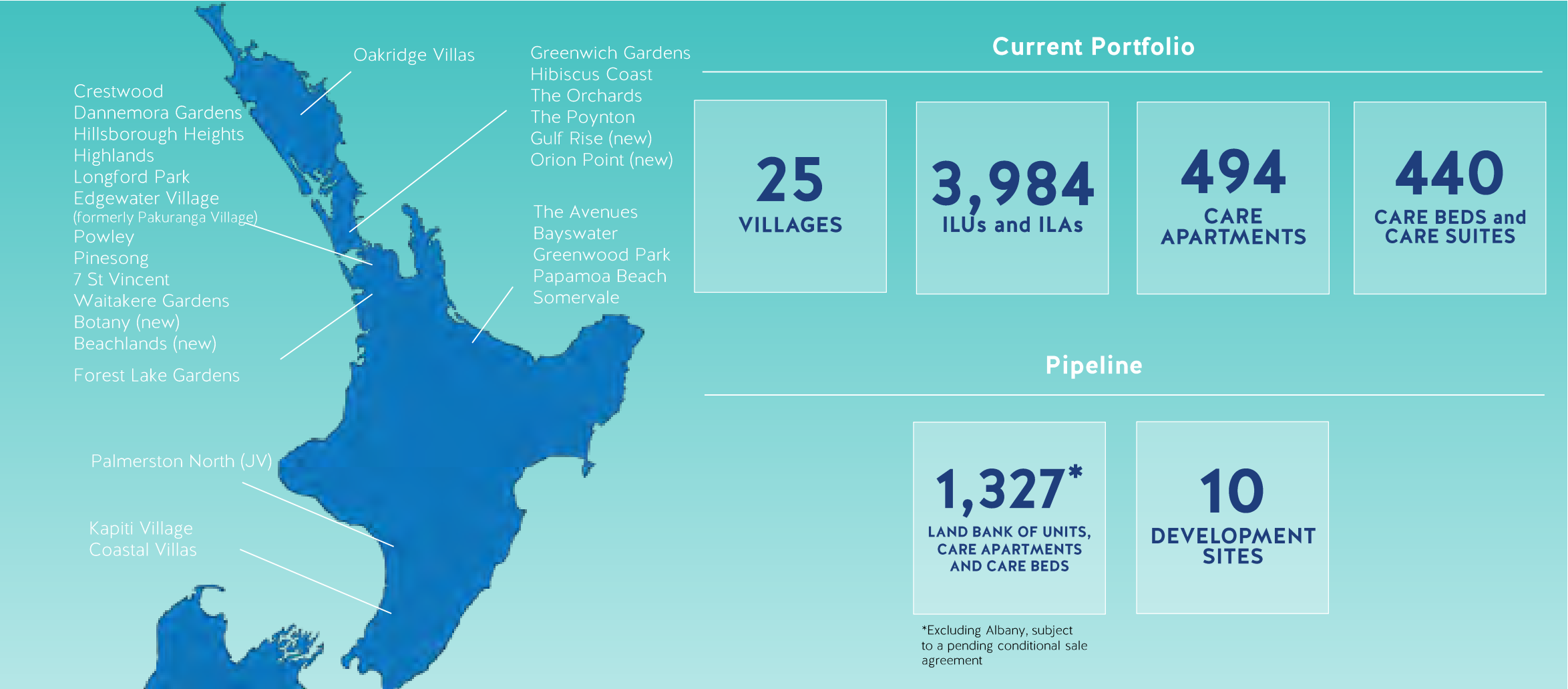




# APPENDICES

Resident Wellbeing Programme at Greenwich  
Gardens Village

# APPENDIX A – PORTFOLIO OVERVIEW



# APPENDIX B – PORTFOLIO SUMMARY

Villages at 30 June 2019	ILU	Care Apartments	Total	Care Beds	Care Suites	Total	Future homes	Future Care Beds	Total	Overall Total
Crestwood	121	14	135	41		41	13		13	189
Dannemora Gardens	201		201			-			-	201
The Orchards	96		96	36		36			-	132
Hibiscus Coast Village	221	48	269			-			-	269
Hillsborough Heights	176	42	218			-			-	218
Highlands	129	70	199	41		41			-	240
Longford Park Village	144	49	193			-			-	193
Edgewater Village	62	13	75			-	46	24	70	145
Pinesong	361	27	388	9		9			-	397
Powley	46	34	80	45		45			-	125
The Poynton	242	15	257		5	5			-	262
7 Saint Vincent	81	12	93		2	2			-	95
Greenwich Gardens	225	16	241	48		48	100		100	389
Waitakere Gardens	324		324			-			-	324
Gulf Rise	35		35			-	199	43	242	277
Orion Point			-			-	247	40	287	287
Botany			-			-	215	40	255	255
Beachlands			-			-	195	36	231	231
<b>Auckland Total</b>	<b>2,464</b>	<b>340</b>	<b>2,804</b>	<b>220</b>	<b>7</b>	<b>227</b>	<b>1,015</b>	<b>183</b>	<b>1,198</b>	<b>4,229</b>
The Avenues	90		90	30		30			-	120
Bayswater	215	17	232		6	6			-	238
Greenwood Park	229	11	240			-			-	240
Papamoa Beach Village	168		168	40		40			-	208
Somervale	83	27	110	69		69	12		12	191
<b>Bay of Plenty Total</b>	<b>785</b>	<b>55</b>	<b>840</b>	<b>139</b>	<b>6</b>	<b>145</b>	<b>12</b>	<b>-</b>	<b>12</b>	<b>997</b>
Coastal Villas	160	49	209	30		30			-	239
Kapiti Village	225		225			-			-	225
Palmerston North Village	49	50	99	38		38	39		39	176
Oakridge Villas	103		103			-	38	40	78	181
Forest Lake Gardens	198		198			-			-	198
<b>Other Total</b>	<b>735</b>	<b>99</b>	<b>834</b>	<b>68</b>	<b>-</b>	<b>68</b>	<b>77</b>	<b>40</b>	<b>117</b>	<b>1,019</b>
<b>Total</b>	<b>3,984</b>	<b>494</b>	<b>4,478</b>	<b>427</b>	<b>13</b>	<b>440</b>	<b>1,104</b>	<b>223</b>	<b>1,327</b>	<b>6,245</b>

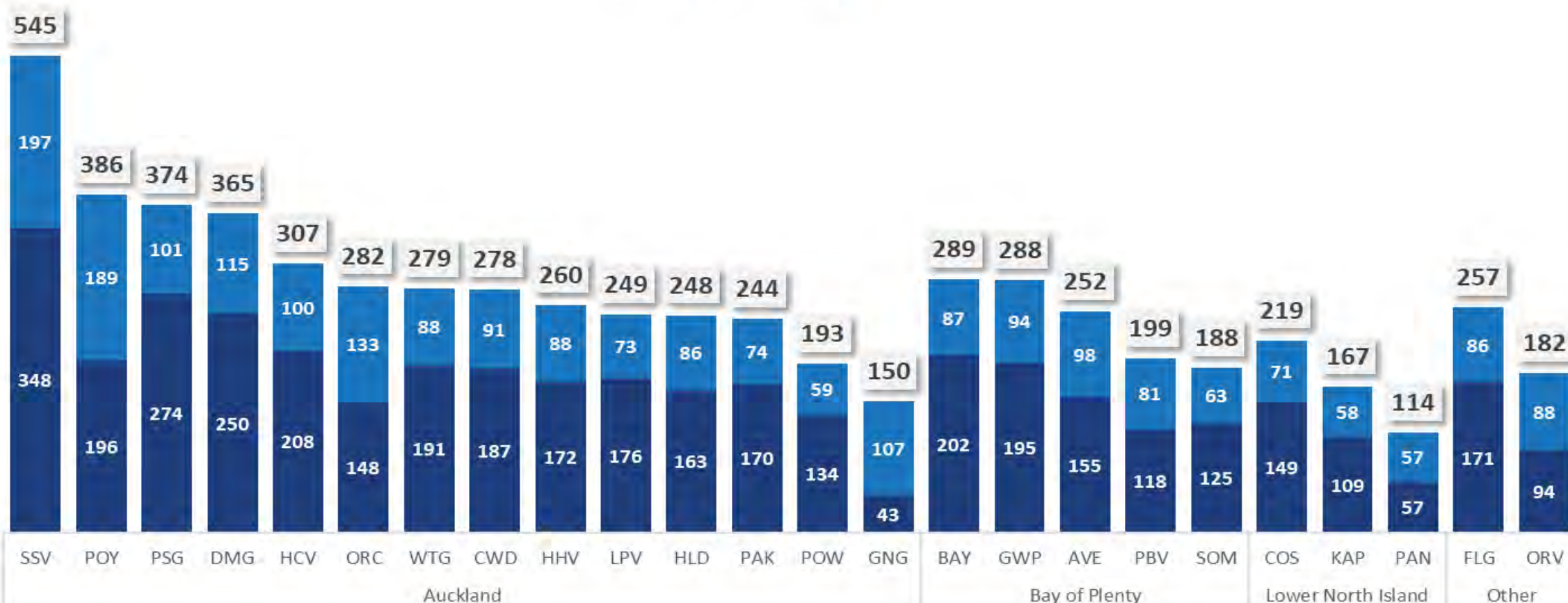
# APPENDIX C – PORTFOLIO VALUATION ASSUMPTIONS

Villages	Resident Average Age	Valuation at 30 June 2019	CBRE Nominal Unit Price Inflation Assumption					Discount Rate
			Year 1	Year 2	Year 3	Year 4	Year 5+	
		\$m						
The Avenues	81.80	36.8	0.0%	1.0%	2.0%	3.0%	3.5%	13.00%
Bayswater	82.90	90.5	0.0%	1.0%	2.0%	2.8%	3.5%	13.25%
Coastal Villas	83.07	58.5	0.0%	1.0%	2.0%	2.8%	3.3%	14.25%
Crestwood	82.01	48.5	0.0%	1.0%	2.0%	2.9%	3.4%	13.50%
Dannemora Gardens	80.55	85.1	0.0%	1.0%	2.0%	3.0%	3.5%	13.00%
Forest Lake Gardens	82.18	66.5	0.0%	1.0%	2.0%	2.5%	3.5%	12.75%
Greenwich Gardens	78.58	127.4	0.0%	0.2%	2.0%	3.0%	3.5%	14.25%
Greenwood Park	82.98	83.0	0.0%	1.0%	2.0%	3.0%	3.3%	13.25%
Hibiscus Coast Village	83.17	96.3	0.0%	1.0%	2.0%	2.8%	3.4%	13.75%
Hillsborough Heights Village	82.14	71.1	0.0%	1.0%	2.0%	2.9%	3.4%	13.50%
Highlands	84.31	72.2	0.0%	0.7%	1.7%	2.8%	3.3%	13.50%
Kapiti Village	81.30	50.8	0.0%	1.0%	2.0%	3.0%	3.5%	14.25%
Longford Park Village	83.80	61.9	0.0%	1.0%	2.0%	2.5%	3.4%	13.00%
The Orchards	79.89	37.9	0.0%	1.0%	2.0%	3.0%	3.5%	14.00%
Oakridge Villas	79.09	29.1	0.0%	0.5%	1.0%	2.5%	3.0%	15.00%
Edgewater Village	83.61	25.0	0.0%	1.0%	2.0%	2.9%	3.4%	14.50%
Palmerston North Village	85.17	25.0	0.0%	1.0%	2.0%	2.7%	3.2%	13.50%
Papamoa Beach Village	78.34	55.9	0.0%	1.0%	1.5%	2.0%	3.0%	14.75%
Powley	84.58	25.6	0.0%	1.0%	2.0%	2.8%	3.3%	14.50%
The Poynton	81.43	130.0	0.0%	1.0%	1.5%	3.0%	3.5%	13.00%
Pinesong	81.87	184.0	0.0%	1.0%	2.0%	2.9%	3.5%	13.25%
Somervale	86.27	41.0	0.0%	1.0%	2.0%	2.5%	3.0%	14.50%
7 Saint Vincent	86.42	77.2	0.0%	1.0%	2.0%	2.9%	3.4%	12.50%
Waitakere Gardens	81.43	105.8	0.0%	1.0%	2.0%	3.0%	3.5%	12.75%
Gulf Rise		50.4	0.0%	1.0%	2.0%	3.0%	3.5%	16.50%
Albany		29.0						
Botany		21.1						
Beachlands		32.8						
Orion Point		32.7						
Total	82.04	1,850.5	0.0%	0.9%	1.9%	2.8%	3.4%	13.56%

# APPENDIX D – EMBEDDED VALUE DETAIL

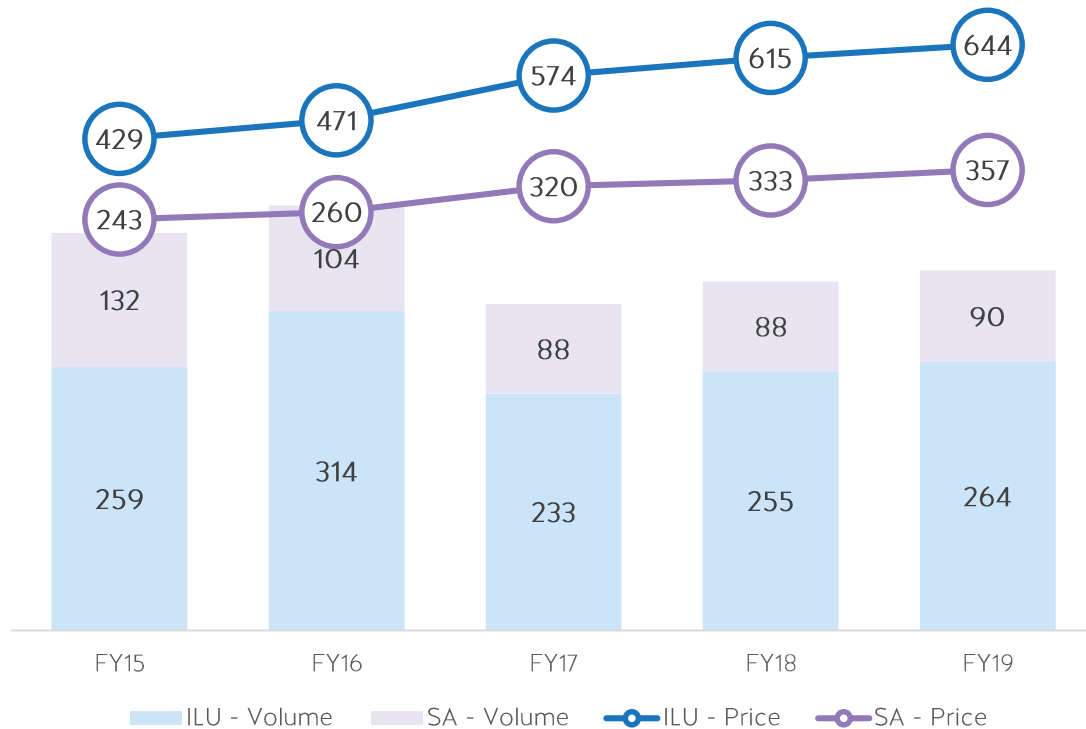
## Embedded Value per Unit (\$000)

■ Resale Gain ■ DMF

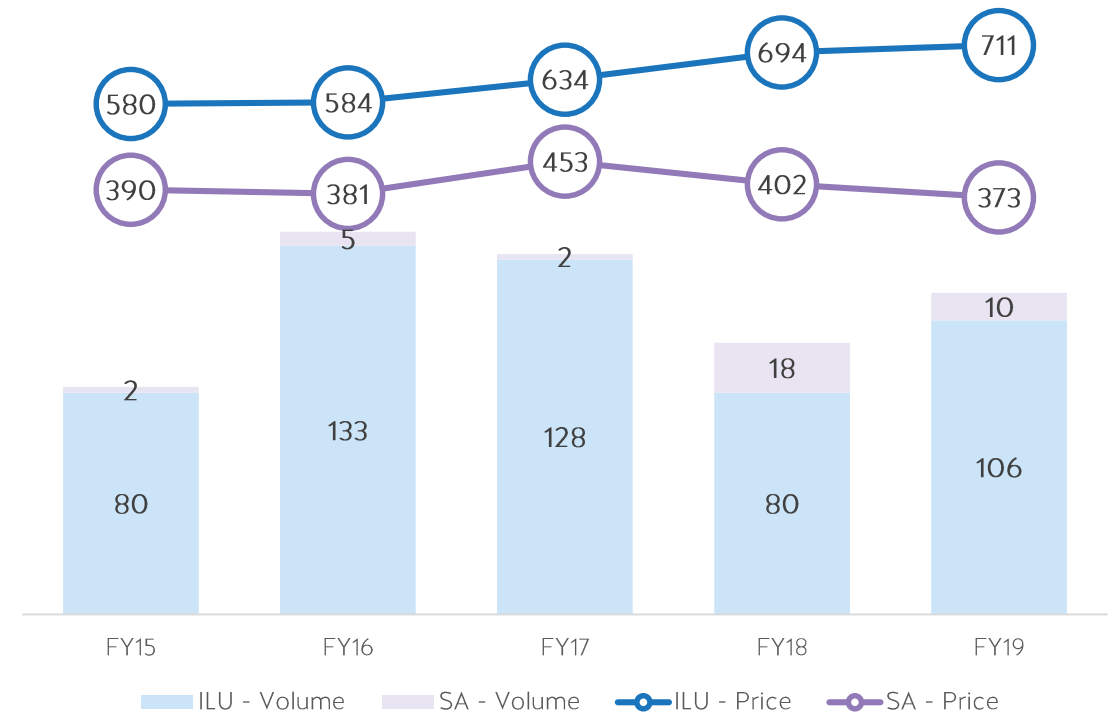


# APPENDIX E – ILU/SA SALES BREAKDOWN

**Resales and Average ORA Price (\$000)**



**Development Sales and Average ORA Price (\$000)**



# APPENDIX F – KEY METRICS

	FY19	FY18	FY17	FY16	FY15
Resales Volume (incl. Palmerston North JV)	369	360	349	413	385
Resales Volume (excl. Palmerston North JV)	354	343	322	401	367
Development Sales Volume	116	98	130	138	82
Total Sales Volume	470	440	452	539	449
New Homes Completed	112	185	187	73	133
New Care Beds Completed	70	69	48	35	-
Total Development	182	254	235	108	133
Total Revenue (\$m)	131.0	114.9	109.0	106.0	99.3
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 (\$m)	55.9	54.8	52.1	50.6	34.5
Underlying Profit (\$m)	90.5	87.2	82.0	66.1	52.4
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)	11.0	10.0	8.05	5.75	4.50
Gearing (Loan to Valuation Ratio)	15%	9%	5%	6%	6%

# APPENDIX G – DEFINITIONS

<b>Development Sale(s)</b>	The first time sale of an ORA (new stock)
<b>Resale(s)</b>	The sale of an ORA where a sale has previously been completed
<b>Realised Resale Gain</b>	The difference between the resale and repurchase of occupation right agreements
<b>ORA</b>	Occupation Right Agreement including ILU's, ILA's and Care Apartments
<b>ILU</b>	Independent Living Unit
<b>ILA</b>	Independent Living Apartment
<b>SA</b>	Care Apartment or Serviced Apartment
<b>pcp</b>	Prior Comparable Period
<b>Unit</b>	Independent Living homes, Independent Living Apartments and Care/Serviced Apartments
<b>DMF</b>	Deferred Management Fees
<b>CPS</b>	Cents Per Share
<b>LTM</b>	Long Term Maintenance
<b>IP</b>	Investment Properties
<b>PPE</b>	Property, Plant and Equipment

## APPENDIX H – IMPORTANT NOTICE - NON-GAAP METRICS

- Underlying operating cash flow removes the cash flows derived from the first time sale of occupation right agreements from statutory operating activities in the financial statements. It is a non-GAAP financial measure and is not prepared in accordance with NZ IFRS. Development sales cash flows are used to repay development debt so underlying operating cash flow excluding development sales is a measure of cash available for distribution. Underlying operating cash flow excludes cash outflows associated with homes bought back by the company to enable remediation activities. These cash outflows are of an abnormal and temporary nature and will reverse in subsequent periods. Underlying operating cash flow also excludes cash outflows associated with homes bought back by the company to enable brownfield development.
- Underlying profit removes the impact of unrealised fair value movements on investment properties, impairment of property, plant and equipment and excludes one-off gains and losses and taxation. It is a non-GAAP financial measure and is not prepared in accordance with NZ IFRS. This metric, and other non-GAAP metrics, are used to assist readers in assessing the performance of the company and are prepared consistently across reporting periods. The underlying profit measure is an industry convention involving the application of judgment, particularly in the determination of realised development margin. Accordingly, it is not calculated on a consistent basis between operators. Note 2.3 of the Financial Statements has additional detail on underlying profit, including a reconciliation to GAAP numbers.
- Realised development margin is the margin obtained on the settlement of an occupation right agreement following the development of the unit. The calculation includes construction costs, non-recoverable GST, capitalised interest to the date of completion, land apportionment at cost and infrastructure costs but excludes construction costs associated with offices, common areas and amenities. Margins are calculated based on when a stage is completed. Margins presented are on the basis of the settled homes during the period. Note 2.3 of the Financial Statements has additional detail.
- Embedded value is calculated by taking the sum of the CBRE unit prices of homes across the portfolio, deducting the resident refundable loan liability as per the balance sheet and company-owned stock items. The embedded value is a combination of Resale Gains and Deferred Management Fees receivable. The value of the Deferred Management Fee receivable is as per note 3.1 of the Financial Statements and the balance is Embedded Resale Gains. The per unit calculations have been adjusted to exclude the Palmerston North joint venture. Embedded value assists readers to understand the value of accumulated but unrealised capital gains and Deferred Management Fees as at the reported balance date.
- Percentage changes refer to movements to the pcg unless otherwise stated.

# APPENDIX I – DISCLAIMER

- The presentation includes non-GAAP financial measures for topics including embedded value, development sales, resales and occupancy which assist the reader with issues such as understanding the volumes of homes settled during the period and the impact that development sales and resales during the period had on occupancy as at the end of the period.
- Percentage movements may differ due to rounding.
- The information in this presentation is an overview and does not contain all information necessary to make an investment decision. It is intended to constitute a summary of certain information relating to the performance of Metlifecycle Limited (“Metlifecycle”) for the twelve month period ended 30 June 2019. Please refer to the Financial Statements for the twelve months ended 30 June 2019 that have been released with this presentation.
- The information in this presentation does not purport to be a complete description of Metlifecycle. In making an investment decision, investors must rely on their own examination of Metlifecycle, including the merits and risks involved. Investors should consult with their own legal, tax, business and/or financial advisors in connection with any acquisition of financial products.
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