ASIA PACIFIC VILLAGE GROUP LIMITED

By email

Private and confidential

Metlifecare Limited
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New Zealand

Attention Andrew Peskett, Company Secretary

Copy to:

Chapman Tripp
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23 Albert Street
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Auckland 1010
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Attention Roger Wallis

27 April 2020

Dear Andrew and Roger

NOTICE OF TERMINATION OF SCHEME IMPLEMENTATION AGREEMENT

We refer to the Scheme Implementation Agreement between Metlifecare Limited (**Metlifecare**) and Asia Pacific Village Group Limited (**APVG**) dated 29 December 2019 (the **SIA**).

We acknowledge that the Metlifecare team has put considerable effort into the deal contemplated by the SIA. Our team has similarly applied itself to achieving a positive outcome, this having been the shared goal of both parties. However, the realities of the COVID-19 pandemic and its consequences are such that, in APVG's view, it is no longer appropriate to continue with the scheme.

APVG has carefully analysed the position with its expert advisers. APVG has concluded that a Material Adverse Change has occurred, and also a Prescribed Occurrence, as defined in the SIA, and that APVG is entitled to exercise the contractual exit rights that allow for termination in such cases and that APVG ought to exercise those rights.

Accordingly, and in accordance with clause 14.3(c) of the SIA, APVG hereby gives notice to Metlifecare that APVG terminates the SIA under clauses 14.1(c) and 14.1(d) with immediate effect.

The reasons for the termination reflect APVG's notice of intention to terminate the SIA given to Metlifecare dated 7 April 2020 (the **Notice of Intention**), namely:

(a) Material Adverse Change: The emergence and spread of COVID-19 is a Specified Event that has caused, or is reasonably likely to cause, reductions in the value of Metlifecare's net tangible assets and consolidated underlying net profits in excess of the thresholds identified in the Material Adverse Change (**MAC**) clause. Each of these reductions entitles APVG to terminate the SIA;

(b) Prescribed Occurrences: Metlifecare has breached the interim period restrictions by deferring development, remediation, maintenance, and refurbishment projects outside of the parameters of the SIA without APVG's consent. APVG is also concerned that Metlifecare has, without

approval and in breach of the SIA, applied for and taken a wage subsidy in respect of entities that are not reasonably likely to be entitled to the wage subsidy, which is a material arrangement that creates reputational and repayment risks for Metlifecare. Those unauthorised actions are material to Metlifecare and entitle APVG to terminate the SIA.

APVG has considered all information available since the Notice of Intention, including Metlifecare's reply dated 23 April 2020. For the reasons set out in this letter, APVG does not consider that Metlifecare's factual or legal assertions are correct. To the contrary, the information provided during the past fortnight further confirms APVG's concerns and the existence of circumstances entitling APVG to terminate the SIA.

APVG considers that the circumstances of the Material Adverse Change and the Prescribed Occurrences continue to exist and, accordingly, APVG now exercises its right to terminate the SIA.

Capitalised terms used but not defined in this notice have the same meaning given to them in the SIA. Our references to Metlifecare include its Related Entities.

Material Adverse Change ("MAC")

Overview

It is apparent from Metlifecare's reply dated 23 April 2020 that you have a different interpretation of the MAC clause than us, and a different view of the data than us, so we will step through the key elements to explain why we consider it has been triggered and why your interpretation is incorrect.

The SIA is conditional on a MAC having not occurred and permits APVG to terminate in the event of a MAC. These are important provisions that protect APVG as the Bidder from the risk of unexpected events that materially impact on the business of the Target. We address the detail below, but to summarise the essential elements relevant to this notice, the MAC is:

- any matter, event, condition or change in circumstances which occurs;
- which reduces, or is reasonably likely to reduce, the Target Group's net tangible assets by $100 million or more or its consolidated underlying net profit in any financial year by 10% or more;

provided that the event, condition, matter, or change in circumstance is not the result of a change in general economic conditions or law (*but* these exceptions only apply if such matter does not have a disproportionate effect on the Target Group).

Specified Event

The emergence and spread of the novel coronavirus (**COVID-19**) pandemic in New Zealand is a "Specified Event" for the purposes of the definition of "Material Adverse Change" in the SIA. It has had and will continue to have impacts on New Zealand society and business, including Metlifecare's business. Those effects are likely to continue for a considerable period of time, likely until a vaccine is available.

In particular, COVID-19 has had, and is reasonably likely to have, the effects on Metlifecare's consolidated net tangible assets (**NTA**) and consolidated underlying net profit outlined below.

Reduction in NTA

Metlifecare's consolidated NTA at 31 December 2019 was reported at $1.49 billion.

As you know, during due diligence, we were provided extensive data regarding CBRE's NTA valuation, so we have a good foundational knowledge of the valuation approach. We have considered this and the likely impacts of the pandemic. We have also instructed two separate valuation firms to undertake an assessment of Metlifecare's NTA based on the 25 villages in the Metlifecare portfolio.

APVG concludes that the impact of the COVID-19 pandemic on Metlifecare's NTA is a reduction of over $200 million based on long-term 25 year cashflows.

There is, additionally, considerable information and independent forecasting suggesting that COVID-19 will have an impact on Metlifecare's NTA (and that of other operators). For example:

(a) The four main retail banks expect GDP growth to be negative in the year to March 2021, and do not expect the economy to get back to where it was before COVID-19 until at least mid-late 2021 in the case of the most optimistic forecasts (from Westpac), and as late as March 2023 (ASB). The four main banks also forecast residential house prices to decline significantly, with forecasts for the year to March 2021 ranging from a fall of 6% (Westpac) to 13% (ANZ). ASB also considers that prices will "flatline" into 2021 and forecasts by ANZ to September 2021 show prices falling on an annual basis.

(b) CBRE stated in a 25 March 2020 Research Paper ("*COVID-19: New Zealand Economic and Property Market Update"*) that COVID-19 will have potentially "*severe impairments to assets with high levels of social interaction / densification, particularly in hotel, <u>senior housing</u>, traditional retail and shopping malls, co working office, etc*" (p 29) and net operating income will fall faster in asset classes that have fixed costs/operating risks and/or are most exposed to this specific cycle "*as well as those that are sensitive (e.g., <u>retirement</u>, healthcare)*" (p 30).

(c) In a 14 April report on the economic impacts of COVID-19, Treasury stated "*the COVID-19 pandemic is a 'once in a century' public health shock that is also having a profound impact on economic and financial systems around the world and in New Zealand*". (The concern is consistent with comments by the Director of the International Monetary Fund that the impact of the COVID-19 crisis may lead to "*the worst economic fallout since the Great Depression".*) Treasury's report included a series of economic forecasts and scenarios outlining the likely effects of COVID-19 on New Zealand's economy and property market. The least restrictive scenario showed a 13% decline in GDP in the year to March 2021.

(d) The Government's revised guidance for the move to Level 3 (released on 26 April 2020) indicated few relevant changes from Level 4. While property settlements will be permitted, they are subject to significant restrictions, and "*at risk people*" (which includes elderly people) are encouraged to remain at home even under Level 2. Sales of units, and development work, continue to be affected, and will continue to be affected.

(e) The substantial decline in share prices of listed retirement village and aged care operators in New Zealand has persisted since APVG's Notice of Intention. Broker analysts have predicted significant falls in sales and resales, increased costs, and material declines in profits and the value of NTA specifically.

In short, the occurrence of the COVID-19 pandemic in New Zealand has already reduced and is also reasonably likely to reduce Metlifecare's consolidated NTA by well in excess of $100 million. These

are not circumstances that have been (or could be) remedied within the requisite time period in the SIA (clause 14.3(b)).

Reduction in consolidated underlying profit

APVG has modelled the consolidated underlying profitability of Metlifecare's business based on the available information, including actual and budgeted unit sales, and considered key assumptions regarding profitability (including unit resales, development sales, volumes, margins, spending, and cost savings) across a range of scenarios. APVG's extensive work during due diligence, and subsequently, puts APVG in a good position to undertake this analysis.

APVG's analysis indicates that Metlifecare will be materially adversely impacted by the COVID-19 pandemic in the financial years ending 30 June 2020, 2021, and 2022. The impact is reasonably likely to exceed the specified 10% threshold in FY20, despite the fact the financial year was well advanced by the time COVID-19 emerged and spread in New Zealand, in FY21 by a larger margin, and also in FY22. The FY21 underlying profit impact is based on well-documented FY21 operating and cash flow forecasts and operational KPIs provided by Metlifecare to APVG during the due diligence process and representations by Metlifecare to its financing banks, and to the Independent Adviser.

APVG concludes that the profit limb of the MAC is triggered by significant margins even using assumptions that it considers to be conservative and prone to understate the impact on profit. This includes the underlying drivers presented in the 31 March 2020 COVID-19 management paper, which outlines FY21 drivers in order to calculate the bank forecasts.

The magnitude of the adverse impact exceeds the materiality thresholds under the MAC clause even if doubtful assumptions are made in favour of Metlifecare's profitability. If assumptions are made that are more consistent with what APVG considers more likely, the materiality thresholds in the MAC clause are exceeded by an even greater margin.

Resales and development sales

Metlifecare's data continues to show a shortfall of resales and development sales of independent living units (**ILUs**) relative to budget for March and April 2020. Settlements in April are down on budget (only 10, including 4 of which are transfers, against a budget of 58). APVG considers that a MAC will occur even if Metlifecare achieves settlement of all unconditional contracts so the points in your 23 April letter do not change our view. We also note that cancellations/reneges can and do occur for unconditional contracts.

Metlifecare's data continues to show a shortfall of applications for units relative to budget for March and April 2020.

- Metlifecare forecast 80 applications in March but received only 36. Metlifecare forecast 62 applications for April but has received only 5 applications to date.
- Most of the recent resident applications reflect discounts on previously expected ILU prices.
- APVG considers that prospective residents will defer consideration and purchases for a significant time as a result of COVID-19 and its consequences.
- APVG does not consider (as Metlifecare suggests) that there is a broader positive inference about future demand to be drawn from the fact that some unconditional purchasers brought forward

their settlement dates to allow them to move into their new homes ahead of the lockdown being imposed.

- The profit limb of the MAC clause is also reasonably likely to be triggered in FY21 due to the flow-on impact of falling numbers of applications for future sales (as well as declining development activity and deferral of refurbishment). FY20 picks up only three months or so of these circumstances (late March-June), whereas FY21 will be fully impacted. Based on the analysis undertaken, the impact of COVID-19 is not reasonably likely to be a short-term "blip".

Taking the above points together, the evidence suggests that there will be a material decline in resale volumes and margin in FY20, FY21 and FY22 as a result of COVID-19. That is reasonably likely to materially affect Metlifecare's underlying profitability in each financial year beyond the specified 10%.

APVG has taken Metlifecare's pipeline into consideration, as well as Metlifecare's stated assumption sets, which APVG notes that Metlifecare's Board is not prepared to adopt as a forecast.[1]

Metlifecare has not analysed FY21 or FY22

Metlifecare advised us on 23 April that it "*has not undertaken any FY21 internal forecasting to any degree of precision*" and that it "*has formed no view on FY22 at this early stage*".

The absence of financial analysis by Metlifecare is surprising to APVG.[2] Be that as it may, APVG's view of a likely material reduction in underlying profit in FY21 is supported by broker analysts, including Forsyth Barr and Deutsche Bank.

- Forsyth Barr published a research note dated 22 April 2020, which stated among other things: "*Our scenario is that new sales and resales are very modest, if not non-existent over the first six months post commencement of the Level 4 lockdown and we have assumed development activity remains stalled over this period as well.*" Forsyth Barr has commensurately reduced their forecast for Metlifecare's normalised profit for FY20 and FY21 by 19.9% and 28.7% respectively.

- Deutsche Bank published a research note dated 20 April 2020, which stated among other things: "*We have taken a conservative view on settlements by end of June and estimate uNPAT of $83m (-8% YoY). Further, we expect uNPAT to decline significantly in FY21e to $60m, as the wider economic impacts of COVID (i.e. border closures that drive unemployment to at least 13.5% according to the Treasury bull case, and zero net migration) depress housing market activity, and as the Government's wage subsidy scheme will have expired. We acknowledge that our FY21e estimate may prove too conservative if MET cuts overhead aggressively.*"

Exclusions in definition of 'Material Adverse Change' do not apply

We understand Metlifecare to contend that the exclusions for changes in general economic conditions and law apply. In doing so, Metlifecare characterises the Specified Event as the regulatory and economic response to the virus. This is an incorrect characterisation of the Specified Event. The Specified Event is the onset and spread of the virus. Restrictions on movement and economic

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1 We also note that the assumption sets take into account one-off items, including the wage subsidy which is not relevant in any event to the calculation under the MAC clause.

2 By contrast, last year, Metlifecare's budgeting process began in January, and was well underway by April, by which stage the board had received a draft. We have been surprised by how guarded Metlifecare has been regarding FY21 despite repeated requests from APVG.

activity, including Government imposed lockdowns, are consequences. So too is the general economic decline that has ensued. Therefore these exclusions in the MAC clause do not apply.

It is noteworthy that restrictions on access to retirement villages, including by Metlifecare and other operators, began before Government restrictions were announced and, in the absence of Government restrictions on the wider community, would have been required to otherwise protect staff and residents and take appropriate safeguards against COVID-19.

Nor is the COVID-19 pandemic itself an excluded event under the MAC, as it might be in other contracts. Rather, it is an entitling event, allowing termination if it leads or is reasonably likely to lead to a reduction in net tangible asset values or net profit by the specified amounts.

In any case, and alternatively, the imposition of restrictions by Government relied upon by Metlifecare involves the exercise of existing and longstanding public health and emergency management powers in respect of a new virus, COVID-19. This is not a "change in law" within the meaning and purpose of limb (f) of the MAC clause. We also note, in any event, that Metlifecare has been disproportionately affected, as is evident for example from the increased operating costs in the sector, the effects on staff and residents, the disproportionately adverse effects on the share prices of listed retirement village operators, the impact of COVID19-related declines in property transactions, and the sector lobbying the Government for increased support.

Prescribed Occurrences

Overview

The SIA prescribes detailed restrictions on the conduct of Metlifecare's business during the interim period. Metlifecare must operate its business within those parameters (defined by reference to the ordinary course of business and the manner in which the business has been operated during 12 months prior to the SIA, restrictions on entering into material arrangements, and certain financial parameters), subject to particular exceptions including APVG's consent. These provisions are important to protect APVG's interests as Bidder. APVG is entitled to terminate if Metlifecare breaches the restrictions in clause 9.2 and the effect is material to the Target Group as a whole.

APVG believes Metlifecare has materially breached the restrictions and continues to do so despite the concerns that we have raised. APVG is entitled to terminate the SIA for such matters, and now does so.

Deferral of development, remediation, maintenance, and refurbishment projects

Metlifecare is deferring development, remediation, maintenance, and refurbishment projects well outside of the legal restrictions associated with the level 4 lockdown.

Activity that was to occur prior to the end of June 2020 is being pushed into the next financial year, and 2021 activity is being pushed into 2022.

Such deferrals beyond the lockdown restrictions themselves and incidental remobilisation time[3] are not necessary to comply with any law and, therefore, could only occur with APVG's consent. They appear instead to be intended to reduce and delay spending. They appear to be measures contemplated within Metlifecare's announcement of 26 March 2020 stating it was "*in the process of*

[3] Construction work can resume under level 3 subject to safety considerations. We do not consider that the deferral of activity through May and June 2020 is a reasonable remobilisation timeframe.

implementing a range of interim cost-saving measures". In response to APVG's request for an explanation, Metlifecare disclosed documents indicating sweeping cost savings including the deferral of development, remediation, maintenance, and refurbishment projects.[4] The Board papers disclosed on 26 April 2020 show approximately $34.6 million of capex deferral from FY20 into FY21. That is more than 25% of forecast FY20 capex. Only some of that could be attributable to the level 4 lockdown period. APVG finds it difficult to reconcile these cost deferral strategies with what Metlifecare has said regarding future profitability. What Metlifecare has disclosed to APVG breaches the parameters in clause 9.2 of the SIA by a considerable margin.[5]

In five instances, Metlifecare acknowledged as much and requested consent.[6] For those projects, Metlifecare failed, despite requests, to provide sufficient information and explanations to justify such proposals (which we summarise in Schedule 1). Metlifecare made information available by degrees, failed to discuss or consult on the overall financial impact of future years with the involvement of APVG, and such information did not support the requested consents.

For those projects, Metlifecare also incorrectly asserted that APVG had given consent. APVG rebutted such assertions and required explanations. Metlifecare did not provide those, and APVG considers that the assertions are without merit. In any event, consent under clause 9.3(a) of the SIA must be in writing and it was not (there was no consent at all).

Metlifecare belatedly argued that consents for those projects were required urgently and would be unreasonably withheld if not provided almost immediately (within 48 and later 72 hours). APVG considers there was no urgency, that necessary information had not been provided, and that in many instances the requests for consent were retrospective for decisions and steps already taken by Metlifecare. It responded accordingly.

For the balance of projects, Metlifecare has asserted that deferrals have been to comply with the level 4 lockdown, but this cannot be correct to the extent the programme of work does not resume promptly after the level 4 lockdown.

These matters give rise to a number of breaches of clause 9.2 of the SIA. They are material to Metlifecare because they:

- relate to development, remediation, and refurbishment projects that have been highlighted by Metlifecare as key areas of future profit generation;
- will have material consequential effects on the availability of independent living units and aged care facilities within Metlifecare's portfolio of retirement villages;

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4 Attachments to Richard Thomson's emails of 3 April 2020 and 16 April 2020. We also note that the version of management's wage subsidy memorandum prior to the application being made on 3 April states: *"In addition, management has activated the business continuity plan and undergone a significant exercise of identifying cost saving initiatives. This includes putting as much discretionary spend on hold during the lockdown period and beyond including consultants costs, development activities, village maintenance, refurbishment and remediation programme to the extent possible."*

5 Documents attached to Richard Thomson's 16 April 2020 email, being the PDF titled "Metlifecare Cost Reductions 16 April 2020", the PDF titled "COVID 19 Wage Subsidy Documentation March 2020" and the Excel spreadsheet titled "4Q20 Assumed Settlements (as of 14 April 20)".

6 Pohutukawa Landing, Gulf Rise, Palmerston North, Dannemora Gardens, and Hibiscus Coast.

- will have flow-on effects on Metlifecare's financial position and performance including on consolidated underlying net profits in current and/or future financial years;

- will mean increased costs and reduced future development margin for Metlifecare; and

- the amounts in issue substantially exceed the parameters in the SIA.[7]

    - Metlifecare is deferring construction capex in the order of $34.6 million in FY20, relative to a threshold in the SIA of $5 million or 5% of budget (whichever is the lesser).

    - Metlifecare is deferring refurbishment capex in the order of $4 million and has reduced total refurbishment and maintenance capex by over $9 million in FY20 relative to a threshold in the SIA of $1.9 million or 5% of budget (whichever is the lesser).

    - Metlifecare is deferring remediation capex in the order of $3.7 million in FY20 relative to a threshold of $1.9 million or 10% of budget (whichever is lesser).

    - Metlifecare has provided information to APVG suggesting that it will also be deferring construction and remediation capex for FY21.

    - For each category of work, the parties agreed particular thresholds because deviations were recognised as being material in the context of Metlifecare's business.

Wage subsidy applications

On 3 April 2020, applications and supporting statutory declarations were made to apply for wage subsidies from the Government for 26 Metlifecare group companies, which have resulted in wage subsidies being received by those companies in the order of approximately $7.1m.

This is a material arrangement and, in order to make the application for each entity, it was necessary to make a statutory declaration of eligibility for the wage subsidy, including:

> "your business has experienced a minimum 30% decline in actual or predicted revenue over the period of a month when compared to the same month last year, or a reasonably equivalent month for a business operating less than a year or a high growth business that has experienced a significant increase in revenue, and that revenue loss is attributable to the COVID-19 outbreak"
>
> "before making your application for the subsidy, you have taken active steps to mitigate the impact of COVID-19 on your business activities (including but not limited to engaging with your bank, drawing on your cash reserves as appropriate, making an insurance claim)"

APVG does not consider that such a declaration could appropriately be made in respect of the companies within the Target Group entity that have not suffered, or will not suffer, a decline in actual or predicted revenue. These include the 11 entities operating aged care facilities.

- The aged care facilities are not expected to suffer a material decline in revenue. Their revenue is derived from occupancy fees, not property transactions.

- Metlifecare's management paper regarding the application for the wage subsidy acknowledges *"MET's care operations are expected to remain largely unaffected during the lockdown period"*

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[7] Clauses 9.2(a), 9.2(d)(iii)(C), 9.2(d)(iii)(D), 9.2(d)(iii)(E) of the SIA.

and that Metlifecare may be perceived as an "unintended recipient" of this particular support as a result of this.

- During a conference call on 1 April 2020, Metlifecare's Chief Financial Officer, Richard Thomson indicated that Metlifecare was unlikely to draw the whole amount based on its discussions with PWC but Mr Ellis stated that Metlifecare could pay the Government back later if need be.

APVG also does not consider that such a declaration could have been made in respect of the steps taken to mitigate the impact of COVID-19.

Based on its reply on the evening of 23 April 2020, Metlifecare appears to accept, as it must, that these applications were made without APVG's consent, which is a material breach of the SIA.

If, as APVG believes, the applications should not have been made in respect of a number of companies in the Target Group, the implications are material. They include obligations to repay the wage subsidies, reputational harm, and potential liabilities (as Metlifecare's management paper on the wage subsidy acknowledges). (Recent press reports indicate a number of companies have either proactively reimbursed the wage subsidy or been asked to do so following Government investigations.[8] Public and Governmental attention is focused on unintended recipients of the wage subsidy under what was designed to be a high trust system.) The purported recognition of the wage subsidy as profit in Metlifecare's projection that was announced to market adds to those concerns.

Therefore, APVG considers that Metlifecare has materially breached clauses 9.2(c)(ii), 9.2(d)(xi) and 9.2(d)(x)(C) of the SIA in respect of the wage subsidy applications. Those breaches are material to the Target Group as a whole because provision ought to be made for repayment, and there are reputational consequences, adverse relationship effects with the Government and other stakeholders, and other consequences of the application.

Over the last five weeks or so, APVG has made a number of requests for material information about the business and the decisions taken by Metlifecare in respect of it that have not yet been responded to or where APVG does not have full confidence in the information and explanations received. It may be that additional Prescribed Occurrences have occurred.

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8 See for example https://www.stuff.co.nz/business/121215598/coronavirus-more-than-16-million-in-wage-subsidy-to-be-refunded-after-government-audit

APVG reserves all of its rights and remedies under the SIA and at law.

Yours faithfully,

Nathalie Brabers-Jastrow
Director
By and on behalf of Asia Pacific Village Group Limited

SUMMARY OF INFORMATION REQUESTS MADE BY APVG TO METLIFECARE

1. 20 March (Sam Franklin to Richard Thomson)

(a) Updates on each 'level' of the 'sales funnel' as per the monthly board packs (i.e. active leads in database, hot leads applications YTD, cancellations, new applications, settlements). Requested the raw data and dashboards on a daily basis.

(b) A call with Sandra King and the sales and marketing team over the next day or so to discuss what they're seeing.

(c) Latest cashflow sensitivities model

(d) Latest version of the bank/covenant model (the same one we received during the diligence process)

(e) RFP response documentation and the diligence undertaken in relation to the potential acquisition of the Caughey Preston site in Remuera.

(f) Breakdown of the operating expenditure and capital expenditure reductions and delays, and any raw data used to quantify these initiatives.

(g) Any potential delays of any development projects, and the analysis of the potential savings from doing so. Any analysis on the longer term impacts of delaying those projects? (completion / sales date).

2. 26 March (Sam Franklin to Richard Thomson)

(a) Follow-up on requests of 20 March.

(b) "Daily pipeline updates mentioned on Tuesday [24 March]". Requested to "…see the numbers as soon as [MET] are seeing them now". "Don't need any special preparation, we are happy to just get the raw data".

3. 26 March (Ken Wong to Kim Ellis)

(a) All information setting out the scenario planning that Metlifecare has undertaken for FY20 and FY21, including across both periods:

(i) details of the scenarios that the company has assessed, including in light of the most recent company announcement;

(ii) revenue, expense and cashflow analyses for each of the scenarios (inclusive of any restructuring and retrenchment costs that will necessitated in any scenario);

(iii) underlying profit in each scenario;

(iv) the position of the company's compliance (or not) with its debt facility covenants in each scenario;

(v) Any information regarding the impact of each scenario on the existing property valuations that make up the current balance sheet asset position; and

(vi) Any revised budgeting that has been undertaken by the company.

(b) The amount of spend that will be suspended, reduced or cancelled, for how long, and potential implications of doing so, including:

(i) restricting discretionary spending;

(ii) deferring or halting projects;

(iii) instigating a hiring freeze;

(iv) $10 million of planned operational and capital expenditure.

(c) To the extent not covered above or already provided by Metlifecare to APVG, the information requested by APVG on 20 March 2020 (a copy of the relevant information request was attached).

(d) All papers, information or analysis that has been provided to the Board to date (whether it relates to COVID-19 or not) and any associated minutes, including the full February 2020 Board pack.

(e) All information provided to the Board is provided at the same time to APVG.

(f) A standing call is set up with Kim, Glen and Richard every second day now in order to keep APVG informed of material developments in relation to Metlifecare – again, in real time.

4. 28 March (Ken Wong to Kim Ellis)

(a) Raw data from the CRM in relation to settlements pipeline, including information around applications and cancellations at each level of the settlements pipeline. Please provide this on a daily basis (i.e. the same ones that management circulate internally on a daily basis).

(i) Requested the settlement value for newly settled units, resale margin dollar value generated from settlements, sales price above MSP and any other incentives or inducements offered to residents who have settled that vary from standard contract terms (or terms that had been previously agreed). Please detail any discounting that may be occurring that is outside of the ordinary course of business.

(ii) Requested management's expected number of settled resales & development units for March, April, May and June.

(b) Cash flow sensitivities and underlying model analysis of scenarios that the management team and Board have assessed, in particular the sensitivities which have underpinned the decision to defer capex and draw down on the Company's core facility.

(c) Covenant analysis based on management scenarios from bank model.

(d) Underlying analysis around decisions to defer opex and capex projects provided to APVG on the 23 March including analysis around likely future impact of these delays (e.g. completion timing of developments, valuation implications of reducing refurbishment and remediation).

(e) Analysis of impacts of further deferrals which have been undertaken since 23 March

(f) Full February board papers.

(g) All papers, information and analysis provided to the Board, Sub-Committee or any Director going forward is provided to us at the same time.

(h) Times to start the regular catch up calls that APVG previously requested as the rapidly evolving situation warrants close monitoring, with these calls to start from Monday 30 March 2020.

5. 26 March (Ken Wong to Glen Sowry)

(a) In relation to Glen’s email of 27 March - request the bottom-up data that will give us a reasonable understanding of where the business is currently at, what the outlook for it is and the consequences of the consents being sought. The necessary information has been requested and have also followed up with Kim in a separate email. Need to get into the detail with you, from the raw data up, and again request the relevant underlying information as soon as possible.

(b) Requested calls every two days to ensure APVG can get up the curve quickly and monitor the position as needed, aiming for the first call on Monday.

(c) Further detail on MET's plans as opposed to the high-level summary email that has been provided. For example, further detail on the changes to the remediation, refurbishment and maintenance capex. Requested on an urgent basis.

(d) In respect of SIA consents, MET identify:

(i) Each MET action or proposal in respect of which APVG's consent is sought under the SIA by reference to the relevant clause in SIA;

(ii) What actions or proposals MET has already taken and what action/proposals it is now considering taking, which are prohibited under clause 9.2 (by reference to the particular provisions of clause 9.2); and

(iii) Which of those actions/proposals it believes it is entitled to take under clause 9.3 (identifying the relevant ground).

6. 31 March (Ken Wong to Kim Ellis and Glen Sowry)

(a) Data and assumptions previously requested (in respect of deferral of sales, construction, remediation etc.).

(b) The full raw data set from within the business regardless of whether it has been produced for the "exec level". See 20 March request

(c) If MET is seeking APVG's consent to any actions, APVG needs to understand this, together with being provided with all relevant financial information for such proposals, in order to enter into any discussions if that is what MET is requesting. APVG to be provided with information at the same time it has been provided to the Board.

7. 7 April (Ken Wong to Richard Thomson, Glen Sowry, Kim Ellis)

(a) The advice received by MET from PwC in relation to MET's ability to make a claim under the NZ Government Wage Subsidy.

(b) Based on PwC's advice, an overview of the potential risks from making the claim.

(c) If MET has decided to make a subsidy claim(s), copies of the application made by MET for such subsidy, including all supporting information provided to the NZ Government, including any forecast information.

(d) In relation to requests for consent under 9.2 of the SIA, APVG requires information and MET's view on permissions needed in order to assess and respond. The starting point is that MET should undertake this work, give APVG the information on a specific, per item basis and let us have the opportunity to consider it in a reasonable way and respond. Reiterated APVG's request for MET to do this as soon as possible, which was previously flagged in discussions with MET.

8. 8 April (Ken Wong to Kim Ellis)

(a) Reiterated request for all outstanding information to date and provided a summary of earlier requests.

9. 14 April (Sam Franklin to Richard Thomson)

(a) The original version of the MET management memorandum regarding the wage subsidy from 31 March 2020.

(b) Any documents, notes or emails to or from anyone in the MET team in relation to PwC's call regarding the wage subsidy scheme.

(c) Copies of any financial information about MET or its future position (or other relevant materials) provided to the Board for the board meeting at 5pm on 8 April 2020.

10. 14 April (Ken Wong to Kim Ellis)

(a) Raw data regarding sales data, (hot leads applications, YTD, cancellations, new applications, settlements) in the form of the native documents produced by the management team.

(b) For development and refurbishment capex, whether for each delayed project there have been instructions to the contractor or claims/notices from the contractor (e.g. suspension instructions, variation claims, or variation orders for the stop to the works). If contractors have given or received notices under the construction contracts, that is relevant to analysis of deferral/delay.

(c) Details of any incentives or inducements offered to residents that vary from standard contract terms (or terms that had previously been agreed).

11. 17 April (Ken Wong to Richard Thomson)

(a) MET's intention is for frontline staff hourly rates during Level 3 and whether increased hourly rates for frontline staff will be continued.

(b) Whether the costs for personal protective equipment are expected to be ~$100,000 and the costs for security at the villages and food ordering and delivery systems expected to be ~$140,000 for a four week lockdown period.

(c) MET's latest forecasted STI Cash Flow Target and documents relied upon by Metlifecare to draw the conclusion that MET is not expected to meet the gateway in order for staff to be eligible for an STI in FY20.

(d) MET's STI Participant's Guide and the Policy and whether Metlifecare's Board or any Sub-Committee of the Board has given discretionary consideration to review the targets for the STI in accordance with the rules in the Policy or the Guide. If so, please provide any documents relating to that assessment.

(e) 31 March version of the management wage subsidy memo.

12. 19 April (Ken Wong to Richard Thomson)

(a) Any correspondence between MET and its lenders.

(b) Relevant documents and detailed explanations in respect of the status of, suspension and deferral, and implications thereof for the Fairway Gardens, Pohutakawa Landings, Orion Point, Gulf Rise, Edgewater, Oakridge, Palmerston North, Dannemora Gardens, Greenwood Park, Coastal Villas, repairs and maintenance projects, long term maintenance projects, refurbishment projects.

13. 20 April (Ken Wong to Richard Thomson)

(a) An explanation of the basis upon which each Metlifecare village subsidiary company substantiated a 30% reduction in revenue, as required under the terms of the Wage Subsidy Scheme on the basis that Metlifecare's own internal documents acknowledge that the companies operating the aged care facilities have not suffered, and will not suffer, a 30% decline in revenue.