Metlifecare

METLIFECARE RETAIL BOND PRESENTATION

6 September 2019

DeutscheCRAIGS FORSYTH BARR JARDEN

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THERE'S MORE TO COME AT Metlifecare

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- None of the Joint Lead Managers or Bond Supervisor nor any of their respective directors, officers, employees, affiliates or agents have independently verified the information contained in this presentation.

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THERE'S MORE TO COME AT Metlifecare

Presented by:
Glen Sowry - Chief Executive Officer
Richard Thomson - Chief Financial Officer
Andrew Peskett - General Counsel

OFFER **HIGHLIGHTS**

THERE'S MORE TO COME AT Metlifecare

Issuer	Metlifecare Limited
Description of the Bonds	Secured unsubordinated fixed rate bonds (Bonds)
Guarantee and Security	Metlifecare Holdings Limited, Metlifecare Pohutukawa Landing Limited, Metlifecare Orion Point Limited and Metlifecare Botany Limited are guarantors (each "a Guarantor"). The Bond security is equal ranking with Metlifecare's banks
Volume	Up to $75 million (with oversubscriptions of up to an additional $25 million at Metlifecare's discretion)
Maturity	30 September 2026 – 7 year bond
Quotation	The Bonds are expected to be quoted on the NZX Debt Market on 1 October 2019
Purpose	The proceeds of the offer are expected to be used to repay a portion of Metlifecare's existing bank debt, to provide diversity of funding and tenor
Joint Lead Managers	Deutsche Craigs, Forsyth Barr, Jarden and Westpac

INTRODUCING **METLIFECARE**

Greenwich Gardens

METLIFECARE **OVERVIEW**

THERE'S MORE TO COME AT Metlifecare

Established in 1984 and listed on the NZX in 1994, Metlifecare has a proven track record of successfully owning and managing retirement villages in New Zealand

Metlifecare has villages throughout New Zealand with many providing a full continuum of care from independent villas and apartments through to serviced apartments, rest homes and hospitals

Proven Track Record

- **35** year track record of operating and developing retirement villages
- **2nd** largest operator in New Zealand
- **25** villages
- **5,600+** residents
- **97%** village occupancy
- **96%** care occupancy

Strong Financial Position

- **$3.5bn** Total Assets
- **$1.5bn** Total Equity
- **$0.3bn** Interest Bearing Liabilities
- **15%** Loan-to-Valuation Ratio
- **$1.2bn** Embedded Value*

**Embedded Value is a non-GAAP financial measure and is explained further on slide 33*

Sound Strategic Direction

- **1,327** land bank of units and beds
- **4** new development sites
- **EXPERIENCED** board and management team

METLIFECARE **VALUE PROPOSITION**

THERE'S MORE TO COME AT
Metlifecare

- **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 Deferred Management Fee (DMF) earnings and resales 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

METLIFECARE'S **SUSTAINABILITY JOURNEY**

THERE'S MORE TO COME AT Metlifecare

- **Metlifecare is formalising an approach to environmental, social and governance (ESG) matters**
  - Metlifecare is committed to creating a better future for residents, families, staff, shareholders and the community we serve
  - Engaged Thinkstep – sustainable business consultants and software
  - Identified sustainability goals and initiatives and created an ESG materiality matrix
- **Highlights to date:**
  - Environmental: trialling electric pool cars, communal gardens, recycling, 'Homestar 6 star' rated buildings, energy efficient options (lighting, glazing and insulation)
  - Social: workplace wellness, village and care home design to promote sociability, local community projects
  - Governance: Compliance with NZX Corporate Governance Code, engaged Board and Committees, sound practices on such matters as diversity and Board skills matrix

Kapiti Village residents create native tree walk

PORTFOLIO

Botany Village
Resource Consent Image

METLIFECARE'S **PORTFOLIO**

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

Current Portfolio

25 VILLAGES

3,984 ILUs and ILAs

494 CARE APARTMENTS

440 CARE BEDS and CARE SUITES

Pipeline

1,327* LAND BANK OF UNITS, CARE APARTMENTS AND CARE BEDS

4 NEW DEVELOPMENT SITES

*Excluding Albany, subject to a pending conditional sale agreement

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

METLIFECARE'S **PRIORITIES**

THERE'S MORE TO COME AT Metlifecare

Metlifecare intends to leverage the strength of its portfolio and operating model to create future value, with particular focus on the following areas:

GROWTH

Our accelerated development programme in high growth, strong yield locations:

- A land acquisition strategy with clear investment parameters, targeting optimal locations and opportunities
- A robust and scalable development strategy matched by strong development capabilities
- Optimised supply chain management and construction delivery

COMMERCIAL INTENSITY

We intend to capture maximum value from our existing portfolio through:

- Superior sales capability and market knowledge
- Strong demand
- A fit-for-purpose village regeneration programme

CUSTOMER EXPERIENCE

Our diverse and unique villages are underpinned by a high level of care and service through:

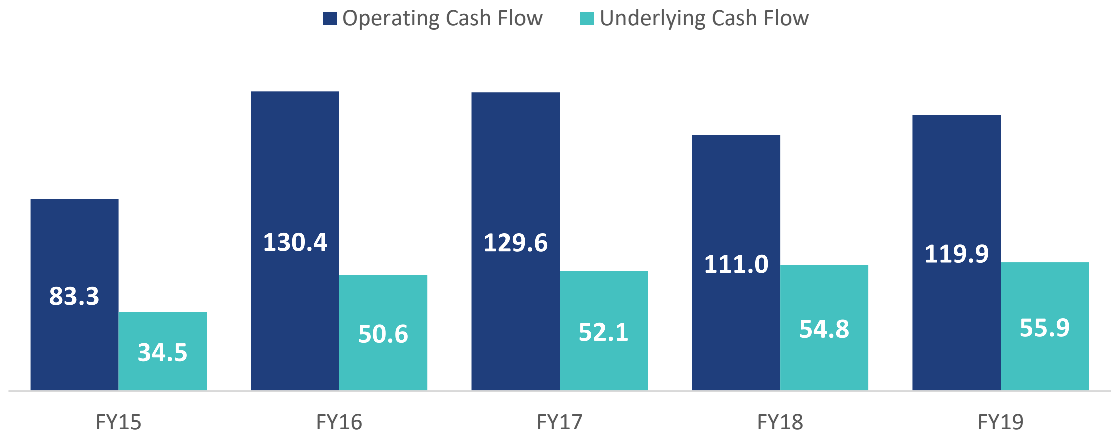
- Villages designed to integrate with their local communities and enhance our residents' experiences
- Highly engaged and qualified employees
- Understanding and meeting the needs of existing and future residents
- Enhanced food and dining experiences

FINANCIAL PERFORMANCE

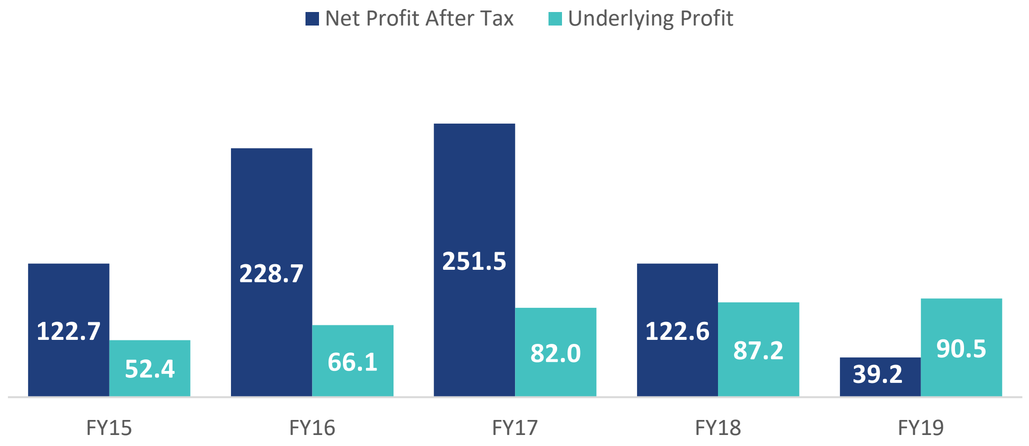
Gulf Rise villa interior

FINANCIAL PERFORMANCE **OVERVIEW**

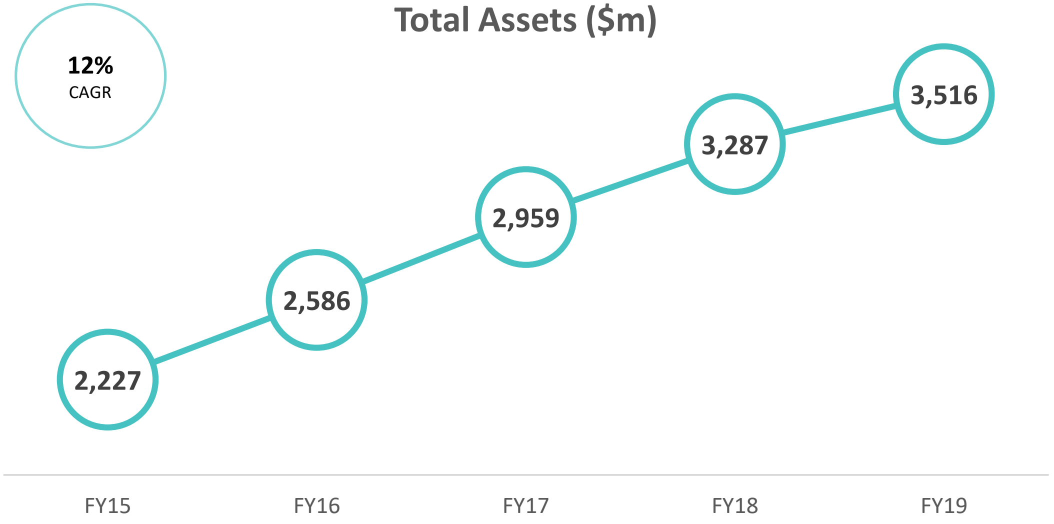
Reported Operating Cash Flow vs Underlying Operating Cash Flow* ($m)



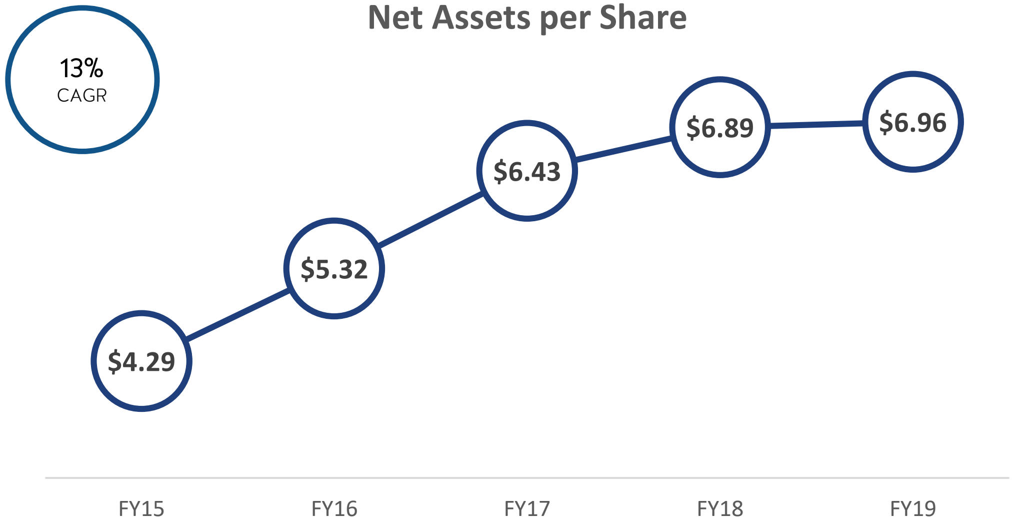
Reported Net Profit vs Underlying Profit* ($m)



Total Assets ($m)



Net Assets per Share



** Refer to Appendices (slide 33) for definitions of Underlying Operating Cash Flow, Underlying Profit and other non-GAAP measures*

FINANCIAL HIGHLIGHTS **FY19**

THERE'S MORE TO COME AT Metlifecare

UNDERLYING PROFIT

- Underlying profit up 4% in FY19 due to good resale gains and development margins
- Average resale prices achieved in FY19 were higher than FY18 reflecting on-going strength of Independent Living Unit (ILU) and Serviced Apartment (SA) settlements

ASSET VALUE HAS RISEN

- Total Assets of $3.5bn up 7% on FY18
- The total value of investment properties increased by $241m to $3.4bn; up 8% on FY18
- Total Equity of $1.5bn

CONSISTENT OPERATING CASH FLOWS

- FY19 saw good underlying operating cash flows and significant uplift in realised resale gain

ROBUST BALANCE SHEET AND LOW GEARING

- Metlifecare is committed to maintaining a strong financial position

DEVELOPMENT MARGIN

- In FY19 development margins remained strong at 21%
- Metlifecare Group started the financial year with 177 newly completed development stock units; 116 were sold during the year and another 112 built

5-YEAR SUMMARY OF **KEY FINANCIAL METRICS**

THERE'S MORE TO COME AT Metlifecare

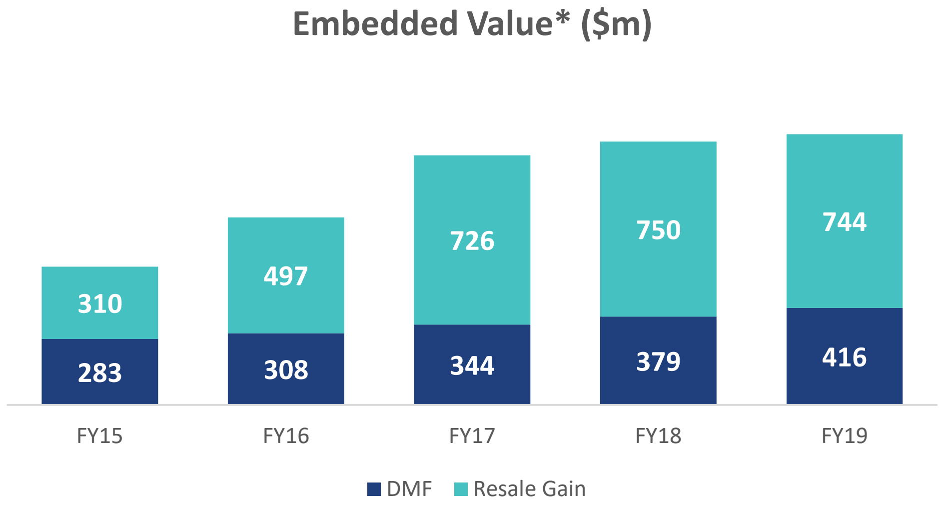
	FY19	FY18	FY17	FY16	FY15
Resales Volume (excl. Palmerston North JV)	354	343	321	401*	367*
Development Sales Volume	116	98	130	138	82
Total Sales Volume	470	441	451	539	449
New Units Completed	112	185	187	73	133
New Care Beds Completed	70	69	48	35	-
Total Development	182	254	235	108	133
Total Revenue ($m)	131.0	114.9	109.0	106.0	101.5
Net Profit After Tax ($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%	7%	6%

*Excludes units at Wairarapa Village

STRONG EMBEDDED VALUE AND **LOW GEARING**

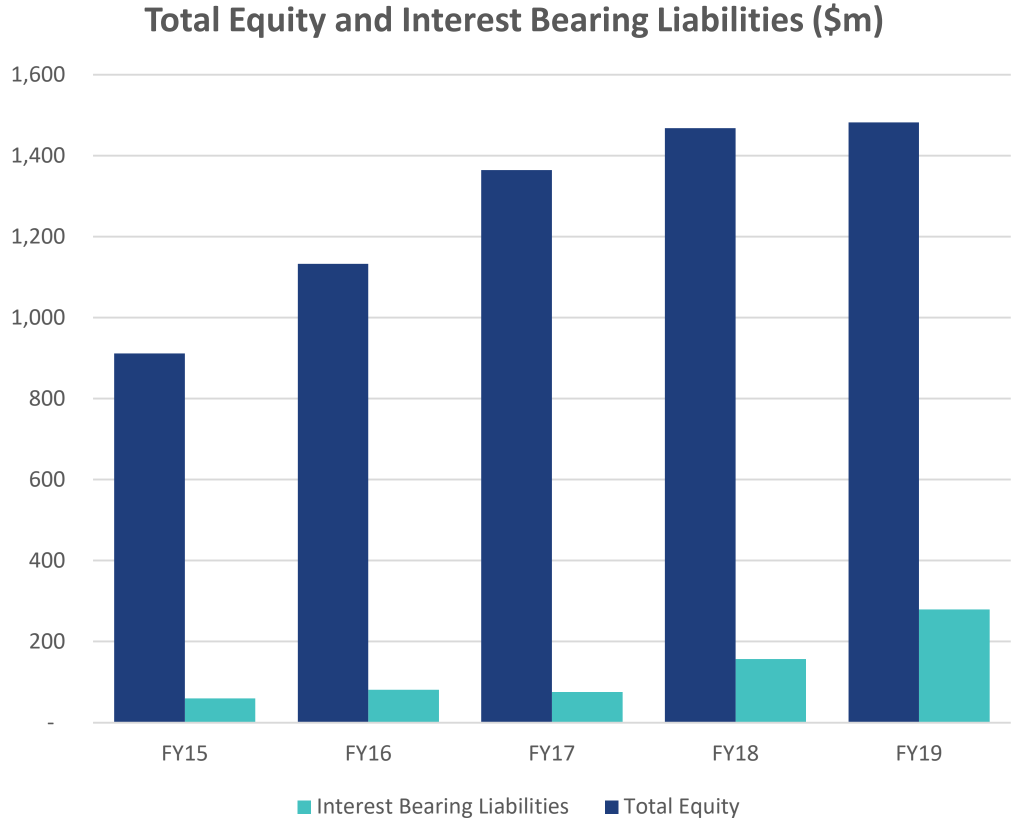
THERE'S MORE TO COME AT Metlifecare

- High resale and development margins with strong growth in embedded value
- Located in strong economies, high median house prices and supportive demographics



*Embedded Value is a non-GAAP financial measure and is explained further on slide 33

- Total Equity has grown with gearing at low levels



FUNDING AND SECURITY **STRUCTURE**

Puriri Building at Greenwich Gardens

PURPOSE OF DEBT AND **CAPITAL MANAGEMENT**

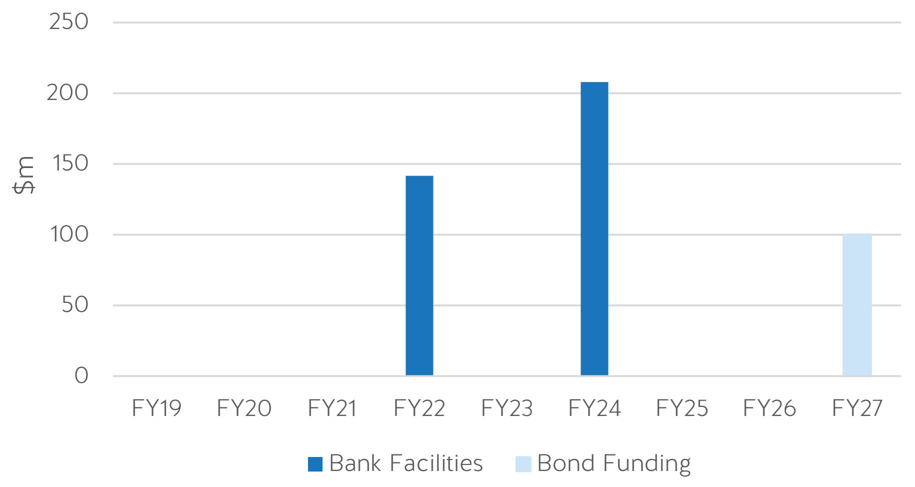
THERE'S MORE TO COME AT Metlifecare

Debt is primarily used to develop Metlifecare villages and then repaid using proceeds from the first time sale of newly developed units

- The proposed Bond issue will provide:
  - diversification of funding sources
  - an increase in Metlifecare's debt maturity profile to 4.1 years*; current weighted average debt maturity equals 2.9 years
- The proceeds of the Bond issue will be used to repay existing bank debt
- Metlifecare enjoys strong banking relationships with its lenders with a $450m bank facility limit available

** Assuming a 7 year $100m Bond issuance and corresponding reduction in bank debt facility*

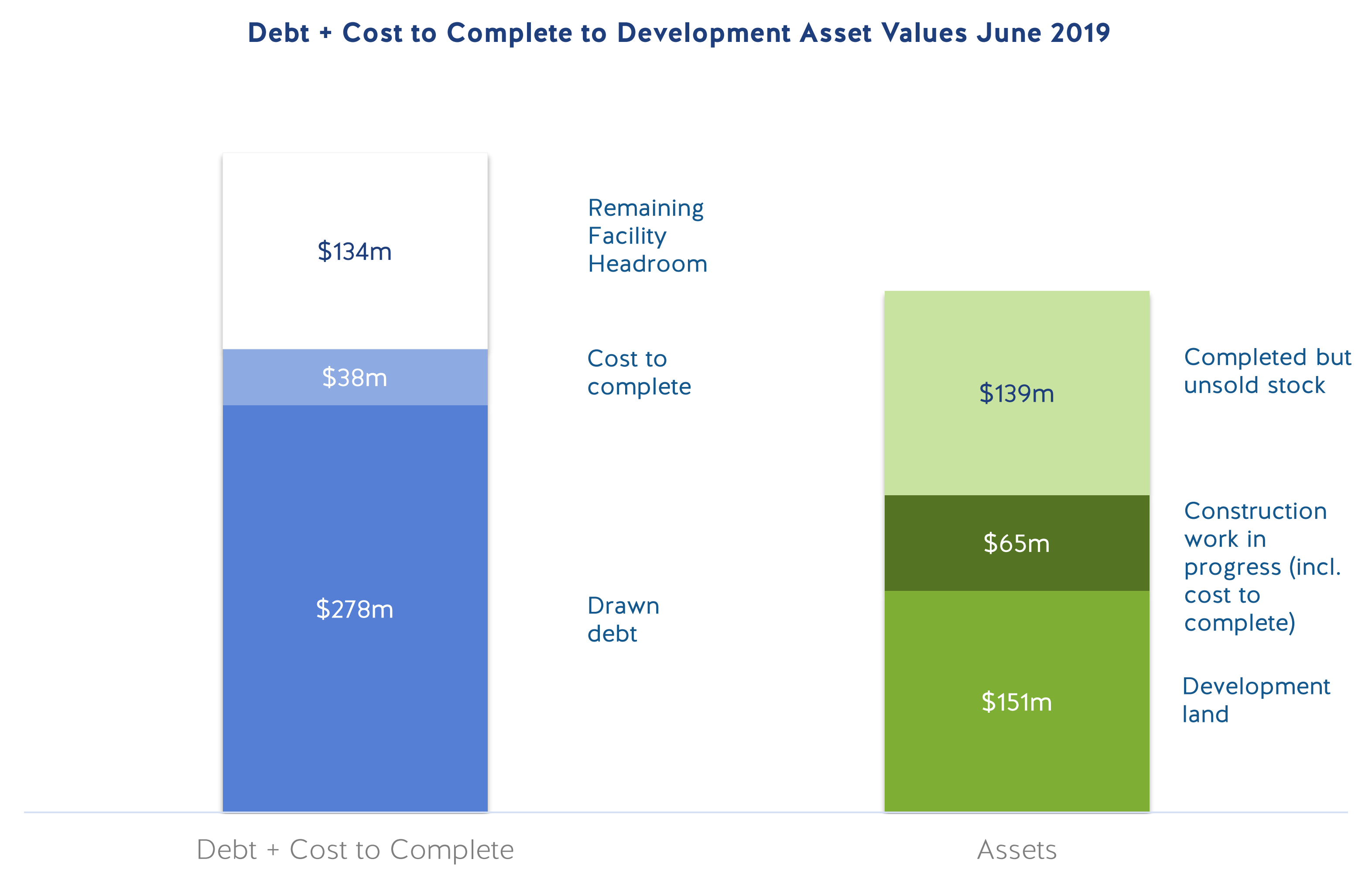
Debt Maturity Profile (post Bond issuance) *



	As at 30 June 2019
Drawn Debt ($m)	278
Facilities' Limit ($m)	450
Facilities' Headroom ($m)	172
Facilities' Banks	ANZ, BNZ, ASB and Westpac
Weighted Average Cost of Debt	3.3%

BORROWING WELL SUPPORTED BY **DEVELOPMENT STOCK VALUE**

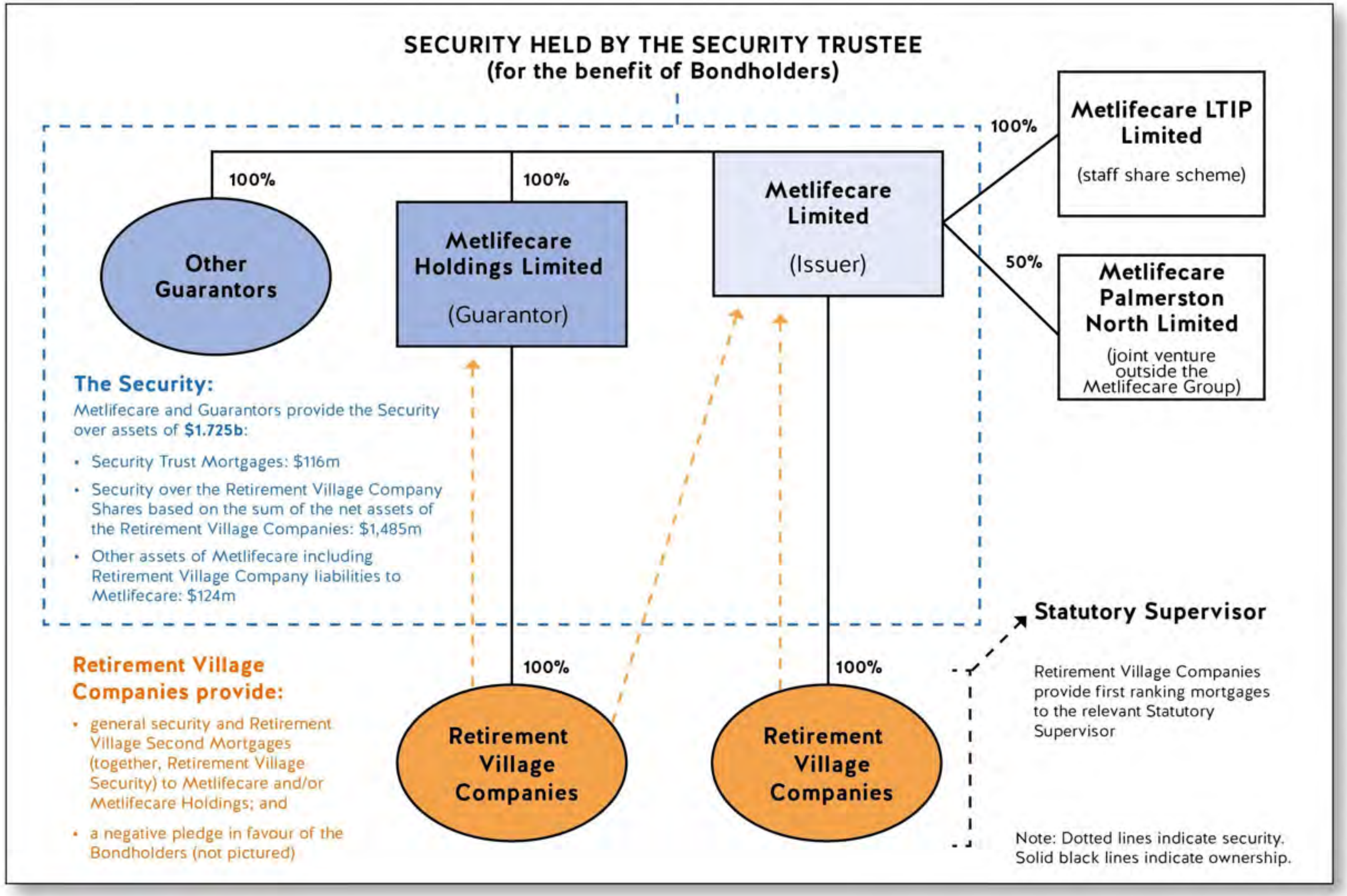
THERE'S MORE TO COME AT Metlifecare



- As at 30 June 2019, Metlifecare had $172m of facility headroom to allow for the continued development of the company's land bank
- Metlifecare Group would have no core debt if it were to complete developments currently under construction, cease any new development and sell completed stock and undeveloped land

SECURITY **STRUCTURE**

- Metlifecare owns the companies within the Metlifecare Group and is the issuer of the Bonds
- Metlifecare and/or Metlifecare Holdings Limited own each Retirement Village Company
- Metlifecare and Metlifecare Holdings Limited provide general security over all their assets in favour of the Security Trustee



ASSETS OF $1.7BN **AVAILABLE AS SECURITY AS AT 30 JUNE 2019**

THERE'S MORE TO COME AT Metlifecare

- Metlifecare's Total Equity position largely reflects CBRE's valuation of the existing asset portfolio
- Total Assets equal Total Equity plus:
  - ORA liabilities payable back to existing residents
  - Other liabilities including deferred tax liabilities, deferred management fees not yet recognised as income and unsecured creditors
  - Interest Bearing Liabilities
- New Zealand Permanent Trustees is the Security Trustee and Public Trust is the Bond Supervisor for the Bonds
- ANZ is the Facility Agent for the banks

Financial Position as at 30 June 2019*

* Figures may not add due to rounding

SECURITY

THERE'S MORE TO COME AT Metlifecare

The Bonds share the Security provided by Metlifecare and the Guarantors on an equal ranking basis with Metlifecare's bank lenders as per the Security Trust Deed

- Liabilities that rank in priority to the Bonds include liabilities secured by Statutory Supervisor's First Mortgages (including amounts owing to retirement village residents) and liabilities preferred by law (e.g. Inland Revenue)
- Liabilities that rank equally with the Bonds include other unsubordinated liabilities that have the benefit of the Security, including Metlifecare's bank debt
- In the event of financial difficulties, Metlifecare can:
  - Slow development
  - Rely on core earnings
  - Sell undeveloped land
  - Sell villages as going concerns

COVENANTS

THERE'S MORE TO COME AT Metlifecare

Metlifecare maintains a conservative approach with significant headroom on the Loan-to-Valuation (LVR) covenant

Key terms of the Bond LVR

- LVR must not exceed 50%
- If there is a breach of the LVR

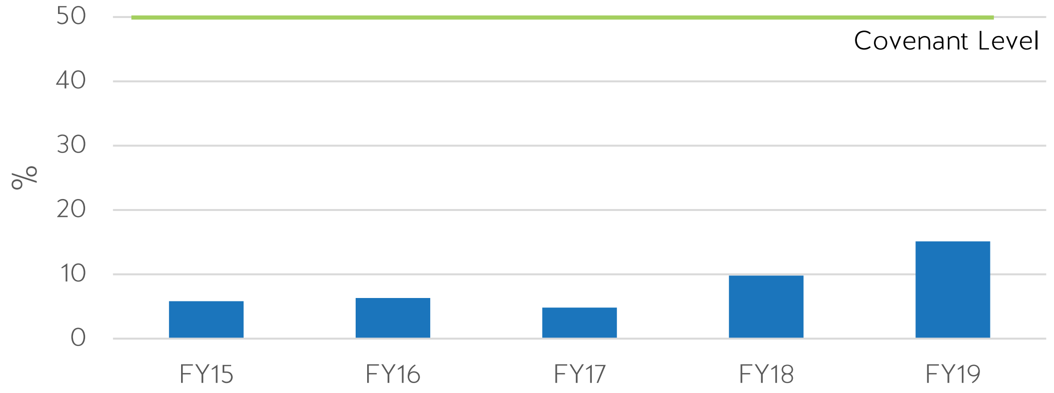
  Metlifecare must, within 6 months of the date of a semi-annual compliance report being delivered setting out that breach, remedy the breach or (if not remedied within 6 months) give notice to the Bond Supervisor within 20 business days after such date of its plan to remedy the breach (by selling assets, effecting a capital restructuring and/or other action); and

  if the breach is not remedied within 6 months of the date of that notice, an Event of Default will occur

Certain terms in the Bank Facility Agreement limit the ability of the Metlifecare Group to borrow money. The key terms currently include

- a maximum LVR of 50%
- a minimum interest cover ratio (broadly, the ratio of cash flow available for debt servicing but excluding cash flows associated with the current remediation programme to interest costs on its core facility in respect of the previous 12 months) of 1.75:1
- a minimum forecast interest cover ratio (broadly, the ratio of forecast cash flow available for debt servicing but excluding cash flows associated with the current remediation programme to forecast total interest costs in respect of the next 12 months) of 1.50:1

LOAN-TO-VALUATION (LVR) RATIO



	30 June 2019
LVR (covenant 50%)	15.1%
Interest Cover (covenant 1.75x)	5.9x
Forecast Interest Cover (covenant 1.5x)	3.8x

- Bondholders benefit from cross default provisions

OFFER TERMS AND TIMETABLE

KEY TERMS OF THE **OFFER**

THERE'S MORE TO COME AT Metlifecare

Issuer	Metlifecare Limited
Description of the Bonds	Secured unsubordinated fixed rate bonds
Guarantee and Security	Metlifecare Holdings Limited, Metlifecare Pohutukawa Landing Limited, Metlifecare Orion Point Limited and Metlifecare Botany Limited are guarantors under a General Security Deed. The Bond security is equal ranking with Metlifecare's banks
Term	7 years, maturing Wednesday, 30 September 2026
Offer Amount	Up to $75,000,000 (with the ability to accept oversubscriptions of up to an additional $25,000,000 at Metlifecare's discretion)
Interest Rate	The Interest Rate will be determined by Metlifecare in conjunction with the Joint Lead Managers following a bookbuild. It will be announced via NZX on the Rate Set Date The Interest Rate will be equal to the sum of the Swap Rate on the Rate Set Date and the Issue Margin, but in any case will be no less than the minimum Interest Rate announced by Metlifecare via NZX on 16 September 2019
Interest Payments	Quarterly in arrear in equal payments on 30 March, 30 June, 30 September, and 30 December each year (or if that date is not a Business Day, the next Business Day) with the First Interest Payment Date being 30 December 2019
Purpose	The proceeds of the offer are expected to be used to repay a portion of Metlifecare's existing bank debt, to provide diversity of funding and tenor
Financial Covenant (Loan-to-Valuation Ratio)	Metlifecare agrees to ensure that the total principal amount of all indebtedness secured under the Security Trust Deed is not more than 50% of the total valuation of the Retirement Village and Care Home Portfolio*
Distribution Stopper	Metlifecare is not permitted to make any distribution if an Event of Default is continuing or if it would result in an Event of Default
Minimum Application Amount	$5,000 and multiples of $1,000 thereafter
Brokerage	0.50% brokerage plus 0.50% on firm allocations paid by Metlifecare
Quotation	It is expected that the Bonds will be quoted on the NZX Debt Market under the ticker code MET010
Credit Rating	Metlifecare and the Bonds are not rated

Further details of the offer are contained in the PDS dated 6 September 2019
* Tested 30 June and 31 December in each year

KEY DATES OF THE **OFFER**

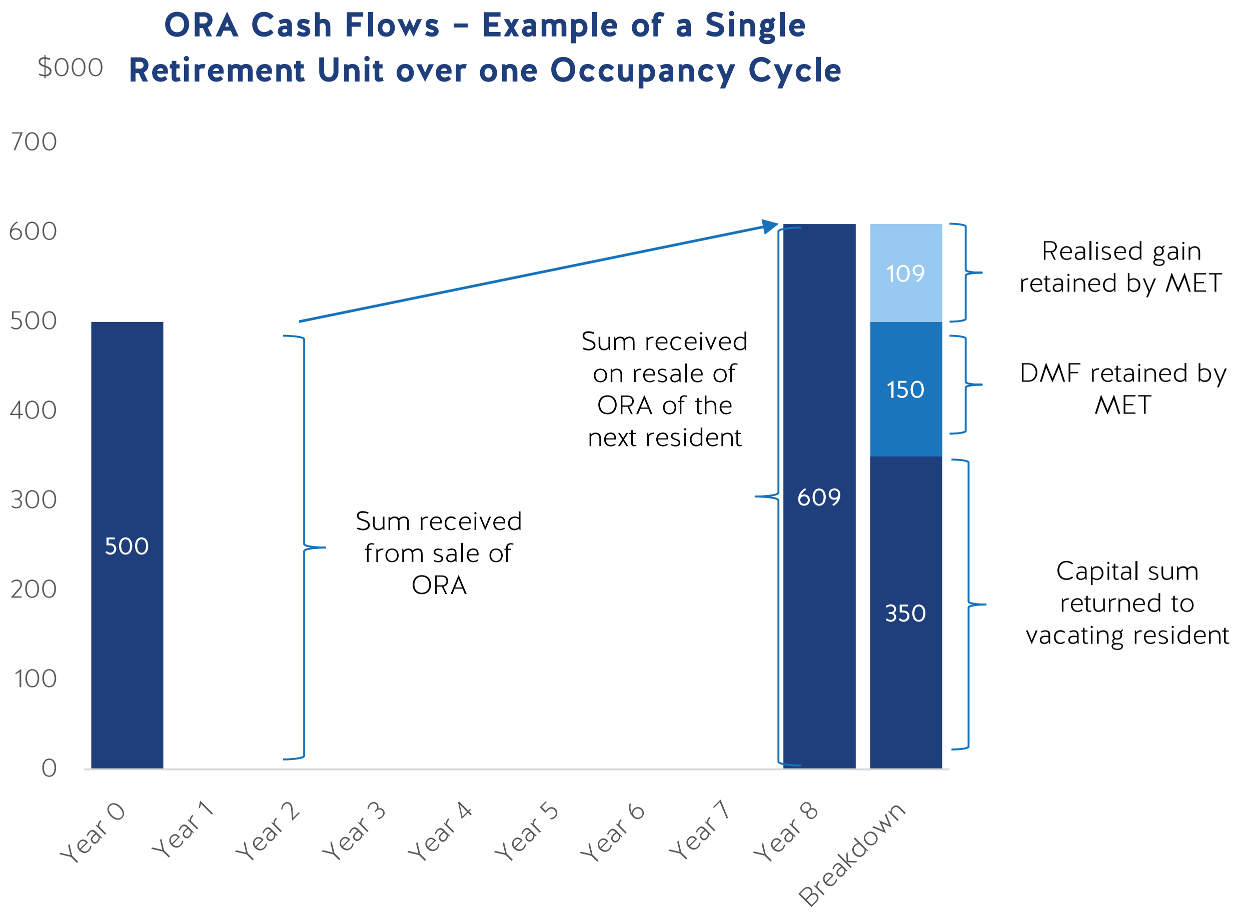
THERE'S MORE TO COME AT Metlifecare

Event	Date
PDS Lodgement	Friday, 6 September 2019
Determination of Minimum Interest Rate and Indicative Issue Margin	Monday, 16 September 2019
Offer Opens	Monday, 16 September 2019
Offer Closes / Firm Bids Due	Midday, Friday, 20 September 2019
Rate Set Date	Friday, 20 September 2019
Issue Date and Allotment Date	Monday, 30 September 2019
Expected Date of Initial Quotation on the NZX Debt Market	Tuesday, 1 October 2019
Maturity Date	Wednesday, 30 September 2026

APPENDICES

HOW AN OCCUPATION RIGHT AGREEMENT (ORA) WORKS

- Residents moving into a Metlifecare retirement village enter into an ORA
- An ORA grants the resident the right to occupy a retirement unit in exchange for a lump sum payment to the operator on moving in. This is shown as a Refundable Occupation Right Agreement on the Balance Sheet
- Legal ownership of the retirement unit remains with Metlifecare
- DMF is accrued over a resident's occupancy of the unit and released on the resale of their ORA. For Metlifecare this is typically 30% of the ORA price
- When Metlifecare sells an ORA on a retirement unit, the lump sum payment from the previous resident, less the DMF, is repaid to the previous resident using proceeds from the incoming resident



PORTFOLIO SUMMARY

THERE'S MORE TO COME AT Metlifecare

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
Auckland Total	2,464	340	2,804	220	7	227	1,015	183	1,198	4,229
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
Bay of Plenty Total	785	55	840	139	6	145	12	-	12	997
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
Other Total	735	99	834	68	-	68	77	40	117	1,019
Total	3,984	494	4,478	427	13	440	1,104	223	1,327	6,245

BOARD OF DIRECTORS

THERE'S MORE TO COME AT Metlifecare

KIM ELLIS
CHAIR, INDEPENDENT DIRECTOR

Experienced director and former Chief Executive Officer, including Managing Director of Waste Management NZ Ltd for 13 years.

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
INDEPENDENT DIRECTOR

Has 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.

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

MARK BINNS
INDEPENDENT DIRECTOR

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.

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

ALISTAIR RYAN
INDEPENDENT DIRECTOR

Experienced director with wide corporate and financial experience in listed companies and his background includes a 16-year career at SKYCITY Entertainment Group.

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

ROD SNODGRASS
INDEPENDENT DIRECTOR

Broad experience in corporate strategy, business and product innovation, digital growth, transformation and disruption in the New Zealand energy, communications and media sectors. He has previously held senior executive roles at Vector and Spark.

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

CAROLYN STEELE
NON-INDEPENDENT DIRECTOR

Substantial experience in capital markets, mergers and acquisitions and investment management. Until 2016 Carolyn was a Portfolio Manager at Guardians of New Zealand Superannuation. Prior to joining the Guardians in 2010 Carolyn spent more than ten years in investment banking.

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

DR. NOELINE WHITEHEAD
NON-INDEPENDENT DIRECTOR

Experienced senior nurse and senior manager with more than 30 years in residential aged care.

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

MANAGEMENT TEAM

THERE'S MORE TO COME AT Metlifecare

GLEN SOWRY
CHIEF EXECUTIVE OFFICER

Prior to his appointment in 2016, Glen was Chief Executive Officer of Housing New Zealand with 67,000 properties across the country.

Glen has held a number of senior roles at Air New Zealand, Television New Zealand and Telecom. He spent ten years at Air New Zealand, including overseeing a major financial and competitive turnaround of the Tasman network.

RICHARD THOMSON
CHIEF FINANCIAL OFFICER

Richard joined the Metlifecare team in September 2017 from Air New Zealand where he was Group General Manager Commercial.

Richard has also brought corporate finance skills and investment banking experience from previous roles at PwC and Ord Minnett.

ANDREW PESKETT
GENERAL COUNSEL & COMPANY SECRETARY

Andrew brings 24 years' legal experience to Metlifecare, having worked in leading law firms in London and was in-house Legal Counsel at Beca, prior to joining the company in 2007.

Andrew heads the legal and settlements teams.

TANYA BISH
CLINICAL NURSE DIRECTOR

Tanya joined the Metlifecare team as Clinical Nurse Director in 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.

RICHARD CALLANDER
GENERAL MANAGER OPERATIONS

Richard was appointed General Manager Operations in January 2015 after 16 years with SKYCITY Entertainment Group both in Australia and in New Zealand, where he was most recently the General Manager of its Queenstown casinos.

Richard has extensive executive experience in customer service management and delivering sustainable growth for shareholders.

JULIE GARLICK
GENERAL MANAGER MARKETING

Julie is an experienced senior marketing executive with a strong track record in reshaping organisations.

She joined Metlifecare in October 2017 after four years as General Manager Marketing at SKYCITY Entertainment Group. Prior to that, she had a similar role at The Warehouse Group.

HUMA HOUGHTON
GENERAL MANAGER HUMAN RESOURCES

Huma joined the Metlifecare Executive team in 2017 from JMW Consultants where she specialised in executive coaching, designing and delivering transformational leadership development programmes.

Huma was previously the Executive General Manager Capability & Organisation Development for Z Energy. She has also worked for large organisations including Deloitte, Vero and Spark.

SANDRA KING
GENERAL MANAGER SALES

Sandra was appointed General Manager Sales in July 2019. Prior to joining she was a business consultant for Prime Strategies, driving business improvement in the SME market.

Sandra 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.

CHARLIE ANDERSON
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.

Charlie has resigned and is leaving Metlifecare on 6 September 2019.

DEFINITIONS

THERE'S MORE TO COME AT Metlifecare

Development Sale(s)	The first time sale of an ORA (new stock)
Resale(s)	The sale of an ORA where a sale has previously been completed
Realised Resale Gain	The difference between the resale and repurchase of occupation right agreements
ORA	Occupation Right Agreement
ILU	Independent Living Unit
ILA	Independent Living Apartment
SA	Care Apartment or Serviced Apartment
pcp	Prior Comparable Period
Unit	Independent Living Units, Independent Living Apartments and Care/Serviced Apartments
DMF	Deferred Management Fees
CPS	Cents Per Share
MOH	Ministry of Health

IMPORTANT NOTICE – NON-GAAP MEASURES

THERE'S MORE TO COME AT Metlifecare

- 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 units 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 units 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. 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 FY19 Financial Statements has additional detail on underlying profit, including a reconciliation to GAAP numbers.
- 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.
- 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 units during the period. Note 2.3 of the FY19 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 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 pcp unless otherwise stated.

THANK YOU

Metlifecare

Pinesong

PRODUCT DISCLOSURE STATEMENT 2019

Offer of 7 year secured fixed rate bonds

Issued by Metlifecare Limited

Date: 6 September 2019

This document gives you important information about this investment to help you decide whether you want to invest. There is other useful information about this offer on www.companiesoffice.govt.nz/disclose.

Metlifecare Limited has prepared this document in accordance with the Financial Markets Conduct Act 2013. You can also seek advice from a financial adviser to help you to make an investment decision.

Metlifecare

Joint Lead Managers

DeutscheCRAIGS

Forsyth Barr

JARDEN

1. KEY INFORMATION SUMMARY

What is this?

This is an offer (**Offer**) of secured unsubordinated fixed rate bonds (**Bonds**). The Bonds are debt securities issued by Metlifecare Limited (**Metlifecare**). You give Metlifecare money, and in return Metlifecare promises to pay you interest and repay the money at the end of the term. If Metlifecare runs into financial trouble, you might lose some or all of the money you invested.

About the Metlifecare Group

Metlifecare and the companies it owns make up the Metlifecare Group. The Metlifecare Group is one of the largest retirement village operators and developers of retirement villages in New Zealand. At the date of this product disclosure statement (**PDS**) it operates 25 retirement villages, located primarily in high-value and high-growth regions of New Zealand's North Island, and provides homes to more than 5,600 residents.

Metlifecare is listed on the NZX Main Board and the ASX. As at close of the Business Day before the date of this PDS, it has a market capitalisation on the NZX of approximately $940 million.

Purpose of this Offer

The proceeds of this Offer are expected to be used to repay a portion of Metlifecare's existing bank debt, to provide diversity of funding and tenor.

Key terms of the Offer

Issuer	Metlifecare Limited.
Description of the Bonds	Secured unsubordinated fixed rate bonds.
Term	7 years maturing on 30 September 2026.
Offer amount	Up to $75 million (with the ability to accept oversubscriptions of up to an additional $25 million at Metlifecare's discretion).
Interest Rate	The Bonds will pay a fixed rate of interest until the Maturity Date. The Interest Rate will be no lower than a minimum Interest Rate. This minimum Interest Rate and the indicative Issue Margin will be determined by Metlifecare in conjunction with the Joint Lead Managers and announced via NZX on the opening date (16 September 2019). The Interest Rate will be determined by Metlifecare in conjunction with the Joint Lead Managers on the Rate Set Date (20 September 2019) and will be the greater of: • the minimum Interest Rate; and • the sum of the Swap Rate on the Rate Set Date and the Issue Margin. The Issue Margin will be determined by Metlifecare in conjunction with the Joint Lead Managers following a bookbuild on the Rate Set Date. The Interest Rate will be announced via NZX on the Rate Set Date.
Interest payments	Quarterly in arrear in equal payments on 30 March, 30 June, 30 September and 30 December in each year (or if that day is not a Business Day, the next Business Day) until and including the Maturity Date, with the First Interest Payment Date being 30 December 2019.
Further payments, fees or charges	Taxes may be deducted from interest payments on the Bonds. See section 7 of this PDS (*Tax*) for further details. You are not required to pay brokerage or any other fees or charges to Metlifecare to purchase the Bonds. However, you may have to pay brokerage to the firm from whom you receive an allocation of Bonds. Please contact your broker for further information on any brokerage fees.

Selling restrictions	The Offer is subject to certain selling restrictions and you will be required to indemnify certain people if you breach these. More information on this can be found in section 5 of this PDS (*Key features of the Bonds*).
Opening Date	Monday, 16 September 2019.
Closing Date	Friday, 20 September 2019 at 12.00 pm.
Issue Date	Monday, 30 September 2019.
Minimum application amount	$5,000 and multiples of $1,000 thereafter.

Who is responsible for repaying you?

Metlifecare as Issuer is responsible for repaying, and paying interest on, the Bonds.

Payments on the Bonds are guaranteed by Metlifecare Holdings Limited (**Metlifecare Holdings**), Metlifecare Pohutukawa Landing Limited, Metlifecare Orion Point Limited and Metlifecare Botany Limited (each a **Guarantor**), under a guarantee (the **Guarantee**) contained in the General Security Deed described below. At the date of this PDS, no other members of the Metlifecare Group are Guarantors. In particular, the **Retirement Village Companies** (members of the Metlifecare Group that are or will in the near future be the operator of a fully operational retirement village) are not Guarantors.

Members of the Metlifecare Group may become (or cease to be) Guarantors from time to time.

More information on the Guarantee can be found in section 5 of this PDS (*Key features of the Bonds*).

How you can get your money out early

Neither you nor Metlifecare are able to redeem the Bonds before the Maturity Date. However, Metlifecare may be required to repay the Bonds early if there is an Event of Default (see section 5 of this PDS (*Key features of the Bonds*)).

Metlifecare intends to quote these Bonds on the NZX Debt Market. This means you may be able to sell them on the NZX Debt Market before the end of their term if there are interested buyers. If you sell your Bonds, the price you get will vary depending on factors such as the financial condition of the Metlifecare Group and movements in the market interest rates. You may receive less than the full amount that you paid for them.

How Bonds rank for repayment

The Bonds are secured on an equal ranking basis with certain other secured creditors, including Metlifecare's bank lenders, under a security trust deed (the **Security Trust Deed**). On a liquidation of Metlifecare as Issuer, the Bonds will rank:

- below liabilities which are preferred by law and any limited permitted security interests (such as security arising by law in the ordinary course of business);
- equally with (and will be repaid at the same time and pro rata with) other liabilities secured under the Security Trust Deed, such as those owing to other Bondholders and Metlifecare's bank lenders; and
- ahead of any other unsecured liabilities and shareholders of Metlifecare.

Further important information on the ranking of the Bonds on the liquidation of the Metlifecare Group, including information on the ranking of the relevant Statutory Supervisor in relation to retirement villages in the Metlifecare Group, can be found in section 5 of this PDS (*Key features of the Bonds*).

What assets are these Bonds secured against?

The Bonds are secured, under the Security Trust Deed, by:

- first ranking registered mortgages (**Security Trust Mortgages**) over the land owned by Metlifecare and the Guarantors (**Security Trust Properties**). This includes bare land and land that is under development and not yet used for operational retirement villages; and

- general security over all the assets of Metlifecare and the Guarantors under a composite general security agreement and cross guarantee (the **General Security Deed**). This includes security over the Retirement Village Company Shares.

The Security Trust Mortgages provided by Metlifecare and the Guarantors and the General Security Deed are together referred to as the **Security**.

Each Retirement Village Company provides first ranking mortgages to its relevant Statutory Supervisor, mortgages (ranking below those provided to the relevant Statutory Supervisor) and general security to Metlifecare and/or Metlifecare Holdings (as applicable), and negative pledge arrangements in favour of Bondholders. More information on these arrangements, and the Security, can be found in section 5 of this PDS (*Key features of the Bonds*).

Key risks affecting this investment

Investments in debt securities have risks. A key risk is that Metlifecare does not meet its commitments to repay you or pay you interest (credit risk). Section 6 of this PDS (*Risks of investing*) discusses the main factors that give rise to the risk. You should consider if the credit risk of these debt securities is suitable for you.

The interest rate for these Bonds should also reflect the degree of credit risk. In general, higher returns are demanded by investors from businesses with higher risk of defaulting on their commitments. You need to decide whether the offer is fair.

Metlifecare considers that the most significant risk factors are:

- a decline in retirement village property values and/or the demand for the Metlifecare Group's retirement village units as a result of adverse changes to the property market where the Metlifecare Group operates (in particular Auckland and Bay of Plenty), reputational damage, oversupply of new units by competitors and the emergence of new industry models; and
- development cash flow risk, being variability in the difference between revenue collected from the sale of new retirement village units and the costs of development. Metlifecare regularly develops retirement villages as part of its business, requiring material cash flows. This can magnify the effects of a flat or slow property market, leading to reduced revenues and cash flows without a similar reduction in development costs. Metlifecare's development activities can also expose it to significant unplanned costs and delays due to factors such as labour/material shortages, inclement weather, health and safety issues and building consents, reliance on third party contractors, and market changes over long development periods.

The Metlifecare Group is susceptible to these risks given its business model and nature as a retirement village operator and developer. A decline in demand for retirement village units, whether as a result of these factors individually or cumulatively, will impact on Metlifecare's assets, revenues, liquidity and ability to obtain further funding.

This summary does not cover all of the risks of investing in the Bonds. You should also read section 6 of this PDS (*Risks of investing*) and section 5 of this PDS (*Key features of the Bonds*).

No credit rating

Metlifecare's credit worthiness has not been assessed by an approved rating agency. This means that Metlifecare has not received an independent opinion of its capability and willingness to repay its debts from an approved source.

Where you can find other market information about Metlifecare

This is a short-form offer document that Metlifecare is permitted to use because these Bonds rank above existing quoted financial products of Metlifecare. The existing quoted financial products are ordinary shares in Metlifecare, which are traded on the NZX Main Board. Metlifecare is subject to a disclosure obligation that requires it to notify certain material information to the NZX for the purpose of that information being made available to participants in the market. Metlifecare's page on the NZX website, which includes information made available under the disclosure obligation referred to above, can be found at www.nzx.com/companies/MET.

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CHAIR'S LETTER

Dear Investor

On behalf of Metlifecare's directors, I am pleased to present the opportunity to invest in secured unsubordinated fixed rate bonds to be issued by Metlifecare Limited.

Metlifecare is one of New Zealand's leading operators and developers of retirement villages and is an NZX 50 and ASX listed company. At the date of this product disclosure statement (**PDS**) the Metlifecare Group owns and operates 25 retirement villages and has four additional village sites under or available for development,[1] all located in prime North Island regions.

With 35 years' experience, Metlifecare is a capable and experienced operator and developer of quality retirement villages, as demonstrated by high occupancy levels and outstanding Ministry of Health care home audit results.[2] It has approximately 1,000 staff and provides homes to more than 5,600 residents.

As at 30 June 2019, the Metlifecare Group had total assets of approximately $3.5 billion and net tangible assets[3] of approximately $1.5 billion. It had a loan to valuation ratio of 15% and bank debt of $278 million. One of Metlifecare's priorities is further growth and, accordingly, its drawn debt is expected to increase over time, with bank debt typically applied to fund new land purchases and new village development. Metlifecare's cash flows are supported by realised resale gains from existing retirement village units, which in turn benefit from the historical price inflation experienced over the past decade.

Metlifecare is seeking to raise up to $75 million under the Offer, with the ability to accept up to an additional $25 million of oversubscriptions. The proceeds will be used to repay a portion of existing drawn bank debt to diversify Metlifecare's funding sources and provide tenor.

There are risks associated with the Bonds that may affect your returns and repayment of your investment. An overview of these risks is set out in this PDS. I encourage you to seek financial, investment or other advice from a qualified professional adviser as you take time to consider this Offer.

On behalf of the Metlifecare Board, I welcome your participation in the Offer and your support of Metlifecare. For more information, please visit our website: www.metlifecare.co.nz/investor-centre/bonds.

Yours sincerely,

Kim Ellis
Chair

1 This includes the Botany site where settlement is expected later this year. In addition, Metlifecare has recently received a conditional offer for the purchase of its Albany site, which it is currently considering.

2 As at June/July 2019, the Metlifecare Group's occupancy levels were 97% for independent living units and 96% for care homes and all established Metlifecare Group care homes had three or four-year certification, with 67% having received four-year certification. 100% of the Metlifecare Group's care homes audited in the financial year to 30 June 2019 achieved four-year certification.

3 Net tangible assets represent total assets less total liabilities less intangible assets.

2. KEY DATES AND OFFER PROCESS

Opening Date	Monday, 16 September 2019 The minimum Interest Rate and indicative Issue Margin will be determined and announced on this date.
Closing Date	Friday, 20 September 2019 at 12.00pm
Rate Set Date	Friday, 20 September 2019
Issue Date and allotment date	Monday, 30 September 2019
Expected date of initial quotation and trading of the Bonds on the NZX Debt Market	Tuesday, 1 October 2019
Interest Payment Dates	30 March, 30 June, 30 September and 30 December in each year
First Interest Payment Date	30 December 2019
Maturity Date	30 September 2026

The timetable is indicative only and subject to change. Metlifecare may, in its absolute discretion and without notice, vary the timetable (including by opening or closing the Offer early, accepting late applications and extending the Closing Date).

If the Closing Date is extended, the Rate Set Date, the Issue Date, the expected date of initial quotation and trading of the Bonds on the NZX Debt Market, the Interest Payment Dates and the Maturity Date may also be extended. Any such changes will not affect the validity of any applications received.

Metlifecare reserves the right to cancel the Offer and the issue of the Bonds, in which case any application monies received will be refunded (without interest) as soon as practicable and in any event within 5 Business Days of the cancellation.

3. TERMS OF THE OFFER

Issuer	Metlifecare Limited.
Description of the Bonds	Secured unsubordinated fixed rate bonds.
Term	7 years, maturing on 30 September 2026.
Offer amount	Up to $75 million (with the ability to accept oversubscriptions of up to an additional $25 million at Metlifecare's discretion).
Issue price	$1.00 per Bond, being the Principal Amount of each Bond.
Interest Rate	The Bonds will pay a fixed rate of interest until the Maturity Date. The Interest Rate will be no lower than a minimum Interest Rate. This minimum Interest Rate and the indicative Issue Margin will be determined by Metlifecare in conjunction with the Joint Lead Managers and announced via NZX on the Opening Date (16 September 2019). The Interest Rate will be determined by Metlifecare in conjunction with the Joint Lead Managers on the Rate Set Date (20 September 2019) and will be the greater of: • the minimum Interest Rate; or • the sum of the Swap Rate on the Rate Set Date and the Issue Margin. The Issue Margin will be determined by Metlifecare in conjunction with the Joint Lead Managers following a bookbuild on the Rate Set Date. The Interest Rate will be announced via NZX on the Rate Set Date.
Interest Payment Dates	Quarterly in arrear on 30 March, 30 June, 30 September and 30 December in each year (or if that day is not a Business Day, the next Business Day) until and including the Maturity Date, with the First Interest Payment Date being 30 December 2019.
Interest payments and entitlement	Payments of interest on Interest Payment Dates will be of equal quarterly amounts. Any interest on the Bonds payable on a date which is not an Interest Payment Date will be calculated based on the number of days in the relevant period and a 365-day year. On Interest Payment Dates interest will be paid to the person registered as the Bondholder as at the record date immediately preceding the relevant Interest Payment Date. The record date for interest payments is 5.00pm on the date that is 10 days before the relevant scheduled Interest Payment Date (prior to any adjustment to the Interest Payment Date to fall on a Business Day). If the record date falls on a day which is not a Business Day, the record date will be the immediately preceding Business Day.
Opening Date	Monday, 16 September 2019.
Closing Date	Friday, 20 September 2019 at 12.00 pm.
Scaling	Metlifecare may scale applications at its discretion, but will not scale any application to below $5,000 or to an amount that is not a multiple of $1,000.
Minimum application amount	$5,000 and multiples of $1,000 thereafter.

How to apply	Application instructions are set out in section 11 of this PDS (*How to apply*). Metlifecare reserves the right to refuse all or any part of any application for Bonds under the Offer without giving a reason.
No underwriting	The Offer is not underwritten.
Quotation	Application has been made to NZX for permission to quote the Bonds on the NZX Debt Market and all the requirements of NZX relating to that quotation that can be complied with on or before the date of distribution of this PDS have been duly complied with. However, the Bonds have not yet been approved for trading and NZX accepts no responsibility for any statement in this PDS. NZX is a licensed market operator, and the NZX Debt Market is a licensed market, under the FMCA. NZX ticker code MET010 has been reserved for the Bonds.
Transfer restrictions	Metlifecare may decline to accept or register a transfer of the Bonds if the transfer would result in the transferor or the transferee holding or continuing to hold Bonds with a Principal Amount of less than $5,000 (if not zero) or if the transfer is not in multiples of $1,000.
Ranking	The Bonds are secured on an equal ranking basis with certain other secured creditors, including Metlifecare's bank lenders, under the Security Trust Deed. On a liquidation of Metlifecare as Issuer, the Bonds will rank: • below liabilities which are preferred by law and any limited permitted security interests (such as security arising by law in the ordinary course of business); • equally with (and will be repaid at the same time and pro rata with) other liabilities secured under the Security Trust Deed, such as other Bondholders and Metlifecare's bank lenders; and • ahead of any other unsecured liabilities and shareholders of Metlifecare. Further important information on the ranking of the Bonds on the liquidation of the Metlifecare Group can be found in section 5 of this PDS (*Key features of the Bonds*).
Guarantee and Security	The Bonds have the benefit of: • the Guarantee provided by (at the date of this PDS) Metlifecare Holdings, Metlifecare Pohutukawa Landing Limited, Metlifecare Orion Point Limited and Metlifecare Botany Limited as Guarantors; • the General Security Deed which secures all assets of Metlifecare and the Guarantors, including the Retirement Village Company Shares; and • the Security Trust Mortgages. Other members of the Metlifecare Group have granted security interests to Metlifecare and/or Metlifecare Holdings and provided a negative pledge in favour of Bondholders. More information on the Guarantee, and the security and negative pledge arrangements, can be found in section 5 of this PDS (*Key features of the Bonds*).

Financial covenant (Loan to Valuation Ratio)	Metlifecare agrees to ensure that the total principal amount of all indebtedness secured under the Security Trust Deed is not more than 50% of the total valuation of the Retirement Village and Care Home Portfolio, on 30 June and 31 December in each year. See section 5 of this PDS (*Key features of the Bonds*).
Early redemption	Neither you nor Metlifecare are able to redeem the Bonds before the Maturity Date. However, Metlifecare may be required to repay the Bonds early if there is an Event of Default (as described below).
Events of Default	If an Event of Default occurs, and is continuing, the Bond Supervisor may in its discretion, and must upon being directed to do so by an Extraordinary Resolution of Bondholders, declare the Bonds to be immediately due and payable. The Events of Default are set out in condition 18 of the Bonds (as set out in Schedule 1 of the Trust Deed, a copy of which is contained on the Disclose Register) and are summarised in section 5 of this PDS (*Key features of the Bonds*).
Further payments, fees or charges	Taxes may be deducted from interest payments on the Bonds. See section 7 of this PDS (*Tax*) for further details. You are not required to pay brokerage or any other fees or charges to Metlifecare to purchase the Bonds. However, you may have to pay brokerage to the firm from whom you receive an allocation of Bonds. Please contact your broker for further information on any brokerage fees.
Selling restrictions	The Offer is subject to certain selling restrictions and you will be required to indemnify certain people if you breach these. More information on this can be found in section 5 of this PDS (*Key features of the Bonds*).
Governing law	New Zealand.
Bond Supervisor	Public Trust.
Security Trustee	New Zealand Permanent Trustees Limited.
Securities Registrar	Computershare Investor Services Limited.

Documents

The terms of the Bonds, and other terms key to the Offer, are set out in:

- the Trust Deed, as supplemented by the Supplemental Deed;
- the General Security Deed (including the Guarantee);
- the Negative Pledge Deed; and
- the Security Trust Deed.

You should read these documents. Copies may be obtained from the Disclose Register at www.companiesoffice.govt.nz/disclose.

4. PURPOSE OF THE OFFER

The proceeds of the Offer are expected to be used to repay a portion of Metlifecare's existing bank debt, to provide diversity of funding and tenor. This purpose will not change, irrespective of the total amount that is raised.

The Offer is not underwritten.

5. KEY FEATURES OF THE BONDS

A number of key features of the Bonds are described in section 3 of this PDS (*Terms of the Offer*). The other key features of the Bonds are described below.

The Bond Supervisor

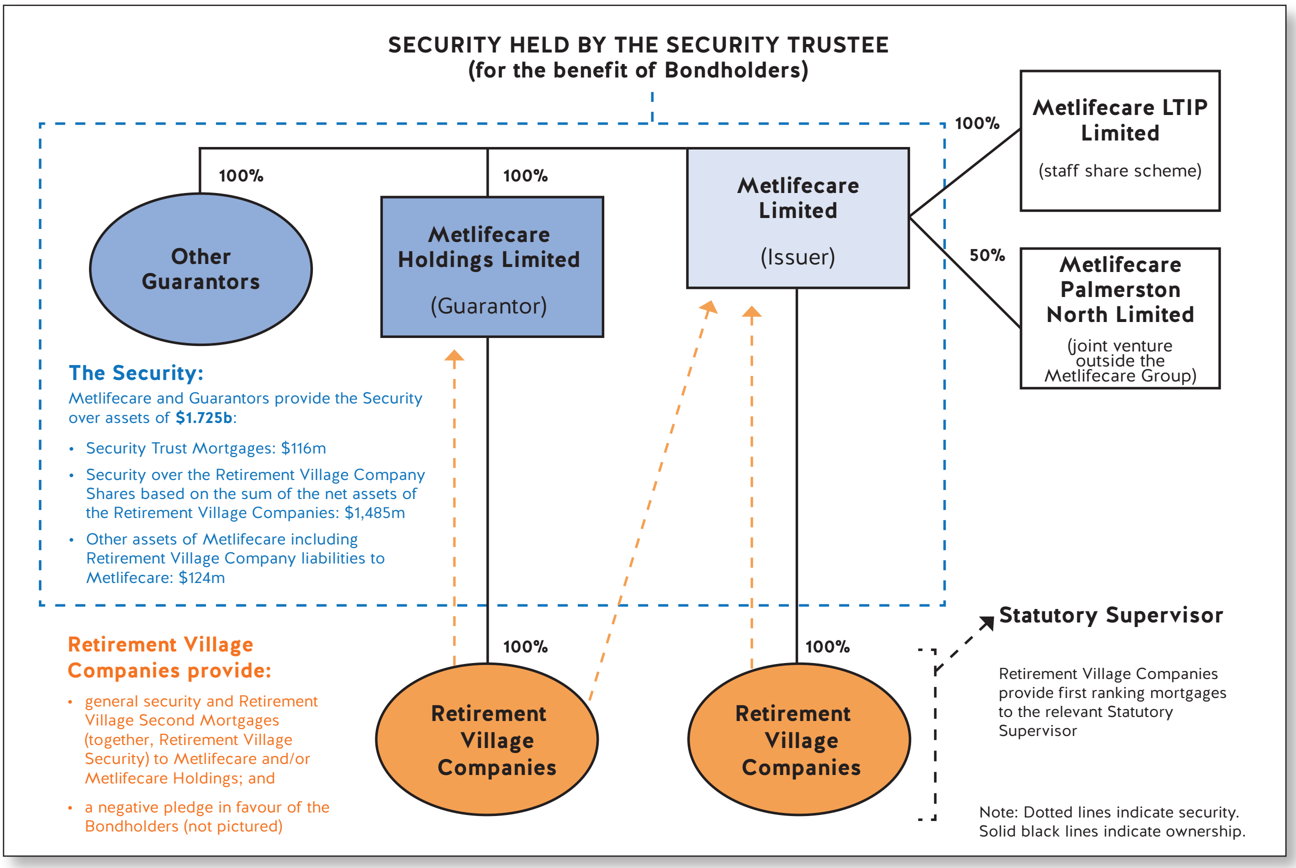
A Bond Supervisor is appointed to act as supervisor and trustee for the Bondholders on the terms contained in the Trust Deed.

You can only enforce your rights under the Bonds, and under the Guarantee, the Security and other arrangements described below, through the Bond Supervisor. However you can enforce your rights under the Bonds only (but not the Guarantee, Security or other arrangements) against Metlifecare directly if the Bond Supervisor is obliged to enforce but has failed to do so within a reasonable period.

Ranking and Security

The Metlifecare Group and security structure

The below diagram provides a simplified summary of the Metlifecare Group (at the date of this PDS) together with the Security and other support for the Bonds:



Each Retirement Village Company is owned by Metlifecare or Metlifecare Holdings. The Security (the **dotted blue box** in the diagram above) is provided by Metlifecare and the Guarantors (shaded **blue** in the diagram above). It includes the land owned by Metlifecare and the Guarantors (including bare land and land that is under development and not yet used for operational retirement villages) (the **Security Trust Property**) which is mortgaged on a first ranking basis in favour of the Security Trustee (the **Security Trust Mortgages**). Metlifecare and the Guarantors also provide general security over all their assets in favour of the Security Trustee, including security over all the Retirement Village Company Shares.

The Retirement Village Companies (shaded **orange** in the diagram above) are or will be in the near future the operators of each retirement village in the Metlifecare Group. The Retirement Village Companies provide security in favour of Metlifecare (and Metlifecare Holdings, in the case of its direct subsidiaries), and a negative pledge in favour of Bondholders, as described below.

The Retirement Village Companies at the date of this PDS are:

Directly owned by Metlifecare:	Directly owned by Metlifecare Holdings:
• Metlifecare The Avenues Limited • Metlifecare Pinesong Limited • Metlifecare Bayswater Limited • Metlifecare Powley Limited • Metlifecare Coastal Villas Limited • Metlifecare The Poynton Limited • Metlifecare Crestwood Limited • Metlifecare 7 St Vincent Limited • Metlifecare Greenwood Park Limited • Metlifecare Somervale Limited • Metlifecare Edgewater Limited • Metlifecare Greenwich Gardens Limited • Metlifecare Highlands Limited • Metlifecare The Orchards Limited • Metlifecare Kapiti Limited • Metlifecare Gulf Rise Limited* *(under development with first homes recently completed)	• Waitakere Group Limited • Metlifecare Dannemora Gardens Limited • Metlifecare Papamoa Beach Limited • Forest Lake Gardens Limited • Metlifecare Oakridge Limited • Hillsborough Heights Village Holdings Limited • Hibiscus Coast Village Holdings Limited • Longford Park Village Holdings Limited

Metlifecare Palmerston North Limited operates a retirement village and care home and is 50% owned by Metlifecare through a joint venture. It is not a member of the "Metlifecare Group" or a "Retirement Village Company" for the purposes of this PDS. It does not provide any security to the Security Trustee, Metlifecare or the Guarantors. (As a retirement village operator, Metlifecare Palmerston North Limited provides security to other parties including a Statutory Supervisor, but this has not been pictured on the diagram above for reasons of simplicity.)

Metlifecare LTIP Limited is a member of the Metlifecare Group that provides an employee share scheme. It does not provide security to the Security Trustee, Metlifecare or the Guarantors.

The Metlifecare Group may also include dormant companies from time to time which do not provide any security to the Security Trustee, Metlifecare or the Guarantors (but which may provide a negative pledge under the Negative Pledge Deed).

Ranking

The ranking of the Bonds on a liquidation of the Metlifecare Group is summarised in the diagram below. The diagram is a summary of indicative amounts only and in the event of a liquidation of the Metlifecare Group, the actual priority amounts may differ.

Diagram showing ranking of Bonds on liquidation of the Metlifecare Group

	Ranking on liquidation	Type of liability/equity	Amount[1]
Higher ranking / Earlier priority	Liabilities that rank above the Bonds	Liabilities preferred by law (for example, Inland Revenue for certain unpaid taxes)[2]	$7 million
		Liabilities secured by Statutory Supervisor's First Mortgages to the relevant Statutory Supervisor (including amounts owing to retirement village residents)[3]	$1,458 million
		Other unsubordinated and unsecured liabilities of the Metlifecare Group[4]	$34 million
	Liabilities that rank equally with the Bonds[5]	Bonds	$75 million
		Other unsubordinated liabilities that have the benefit of the Security, including Metlifecare's bank debt	$203 million
	Liabilities that rank below the Bonds	Subordinated liabilities	Nil
Lower ranking / Later priority	Equity[6]	Shares, reserves and retained earnings	$1,485 million

Notes:

1 Amounts shown above are indicative based on the financial position of the Metlifecare Group as at 30 June 2019, adjusted for the issue of the Bonds. They are subject to rounding adjustments.

2 Liabilities that rank above the Bonds on a liquidation of the Metlifecare Group include employee entitlements for unpaid salaries and wages, holiday pay and bonuses, and PAYE, and amounts owing to the Inland Revenue for unpaid taxes and goods and services tax. There are typically other liabilities which are preferred by law or secured, including enforcement costs and similar, which arise when a company is in liquidation which are not possible to foresee and cannot therefore be quantified.

3 In a liquidation of the Metlifecare Group the relevant Statutory Supervisor has the first rights to the proceeds of enforcement against the land (including permanent buildings) of each Retirement Village Company (effectively reducing the amounts that the Security Trustee may receive on enforcement of its security over the Retirement Village Company Shares, or from its enforcement of the Retirement Village Second Mortgages through the Security). A Statutory Supervisor does not have rights to the proceeds from enforcement of other assets of the Metlifecare Group ahead of Metlifecare and Metlifecare Holdings (as applicable) under the Retirement Village Security. However, any liabilities incurred by Retirement Village Companies (whether secured or not) may decrease the value of the Retirement Village Company Shares, and therefore the value of the Security, subject to the Retirement Village Security described on page 17.

4 Unsubordinated and unsecured liabilities of the Metlifecare Group are shown as ranking above the Bonds for reasons of simplicity. This is because, although these amounts do not have the benefit of any security, to the extent they are incurred by a Retirement Village Company they may decrease the value of the Retirement Village Company Shares, and therefore the value of the Security, subject to the Retirement Village Security (see also note 3 above).

5 Assuming $75 million of Bonds are issued under the Offer. The final size of the Offer will not materially impact this number as the proceeds of the Offer are expected to be applied towards repaying a portion of bank debt which ranks equally with the Bonds.

6 The amount of equity stated above includes an amount in relation to Metlifecare's existing quoted equity securities (i.e. Metlifecare's ordinary shares).

The Security

As described above, Metlifecare and the Guarantors provide general security over their assets (under the General Security Deed) and first ranking Security Trust Mortgages over the Security Trust Properties. This Security is provided to the Security Trustee, and Bondholders (and other relevant secured creditors) have its benefit under the Security Trust Deed.

Metlifecare estimates that as at 30 June 2019:

- The total amount of liabilities secured by the Security was approximately **$278 million**, with all secured creditors under the Security Trust Deed ranking equally. The issue of the Bonds will not materially impact this amount, as the proceeds of the issue are expected to be used to repay existing bank debt which also has the benefit of the Security. After the issuance, this amount will include the Bonds and amounts owed to Metlifecare's bank lenders (as described in the ranking diagram on page 13).
- The total value of the assets subject to the Security was approximately **$1.725 billion**, as discussed further in the below table.

The total value of the secured assets is determined by Metlifecare as including:

Secured assets	Approximate value as at 30 June 2019
Security Trust Mortgages over the Security Trust Properties owned by Metlifecare and the Guarantors The Security Trust Properties includes undeveloped land measured at fair value and retirement villages under development measured at cost	$116 million
The Retirement Village Company Shares The value of the Retirement Village Company Shares represents the total net assets of the Retirement Village Companies. For each Retirement Village Company, this takes into account: • the value of its Operator's Interest (including the value of its land and permanent buildings subject to the Retirement Village Security in favour of Metlifecare and/or Metlifecare Holdings); • its liabilities secured by Statutory Supervisor's First Mortgages in favour of the relevant Statutory Supervisor (as discussed below); and • all its other assets and liabilities	$1,485 million
Other assets owned by Metlifecare and the Guarantors, including net amounts owed by Retirement Village Companies and secured by the Retirement Village Security described below, equipment, cash and trade receivables	$124 million
Total	**$1.725 billion**

Metlifecare's 50% ownership interest through the joint venture in Metlifecare Palmerston North Limited (valued at approximately $11 million as at 30 June 2019) is subject to the Security, as an asset of Metlifecare under the General Security Deed. However, as enforcement of security over joint venture interests can be more complex than other assets, this interest has not been included in the value of secured assets above.

The Security is further supported by the Retirement Village Security and Negative Pledge Deed described on page 17. However, the Retirement Village Security is not provided directly in favour of Bondholders (or the Bond Supervisor or the Security Trustee).

The Security Trustee

A Security Trustee (currently New Zealand Permanent Trustees Limited) holds the Security for all creditors entitled to its benefit. This currently includes (in addition to the Bond Supervisor and the Bondholders) Metlifecare's bank lenders and hedging providers. It is likely that further creditors will become entitled to the benefit of this Security in the future.

The basis on which the Security Trustee holds the Security, and otherwise acts for the creditors entitled to its benefit, is set out in the Security Trust Deed. More information on the Security Trust Deed can be found below in the section headed *Security Trust Deed*.

Further borrowing and security

After the issue of the Bonds, the Metlifecare Group may (without the consent of Bondholders) borrow money or otherwise incur liabilities from time to time that:

- rank equally with the Bonds on a liquidation of the Metlifecare Group. This may include, for example, further bank lending to Metlifecare or further bonds issued by Metlifecare; or
- rank above the Bonds on a liquidation of the Metlifecare Group. This may include, for example, other borrowings with permitted security as described below and liabilities preferred by law.

Also, the amounts owing to retirement village residents by the Retirement Village Companies and secured by a Statutory Supervisor's First Mortgage may increase over time, and Retirement Village Companies may also incur liabilities to other parties from time to time. In a liquidation, the relevant Statutory Supervisor would be able to recover its secured amounts in priority to Bondholders. Other creditors of the Retirement Village Companies may also be able to recover amounts owed to them before Bondholders, subject to the Security Trustee's enforcement of the Retirement Village Security described below.

The financial covenants and other terms described below limit the ability of the Metlifecare Group to:

- borrow money that ranks equally with, or above, the Bonds; or
- grant security which ranks equally with, or above, the Security.

Restrictions on borrowing

The Loan to Valuation Ratio in the Bonds limits the Metlifecare Group's ability to borrow money which is secured by the Security, based on the value of the Retirement Village and Care Home Portfolio.[4] Under the Loan to Valuation Ratio, Metlifecare has agreed to ensure that the total principal amount of all debt secured under the Security Trust Deed is not more than 50% of the total valuation of the Retirement Village and Care Home Portfolio, on 30 June and 31 December in each year.

If there is a breach of the Loan to Valuation Ratio:

- Metlifecare must, within 6 months of the date of a semi-annual compliance report being delivered setting out that breach (or the date on which it should have been delivered, if earlier), remedy the breach or (if not remedied within 6 months) give notice to the Bond Supervisor within 20 Business Days after such date of its plan to remedy the breach (by selling assets, effecting a capital restructuring and/or other action); and
- if the breach is not remedied within 6 months of the date of that notice (or the date on which it should have been delivered, if earlier), an Event of Default will occur.

4 The Retirement Village and Care Home Portfolio includes Metlifecare's 50% interest in the retirement village and care home of Metlifecare Palmerston North Limited. The Retirement Village and Care Home Portfolio may also include other companies outside the Metlifecare Group from time to time, where included in the loan to valuation ratio in the Bank Facility Agreement (described below).

Therefore, a continued breach of the Loan to Valuation Ratio will be an Event of Default (approximately) 13 months after that breach is disclosed to the Bond Supervisor in a semi-annual compliance report. The Loan to Valuation Ratio and/or the Metlifecare Group's financial position and the value of the Security may worsen both before the semi-annual compliance report is delivered and during the 13-month period described above. Neither the Bond Supervisor nor Bondholders can control Metlifecare's dealings with the Retirement Village and Care Home Portfolio during those periods, other than to the extent of the restrictions in the Negative Pledge Deed described below.

Certain terms in the Bank Facility Agreement limit the ability of the Metlifecare Group to borrow money (although Bondholders do not have the benefit of these, and they may be amended or waived by Metlifecare's bank lenders). These terms currently include:

- a maximum loan to valuation ratio (calculated in the same way and with the same 50% limit as the Loan to Valuation Ratio under the Trust Deed), measured on a quarterly basis;
- a minimum interest cover ratio (broadly, the ratio of cash flow available for debt servicing but excluding cash flows associated with the current remediation programme as further described on page 23 (Remediation project risks) to interest costs on the core bank facility[5] in respect of the previous 12 months) of 1.75:1, measured on a quarterly basis;
- a minimum forecast interest cover ratio (broadly, the ratio of forecast cash flow available for debt servicing but excluding cash flows associated with the current remediation programme as further described on page 23 (Remediation project risks) to forecast total interest costs in respect of the next 12 months) of 1.50:1, measured on a quarterly basis; and
- a requirement for the cash flow available for debt servicing to exceed certain interest costs and costs related to the remediation programme as further described on page 23 (Remediation project risks), measured on a quarterly basis.

Restrictions on granting security

Under the General Security Deed, Metlifecare and each Guarantor agrees that it will not provide any security over its assets, except to the Security Trustee or in certain other limited permitted instances. The permitted instances include:

- security which the Security Trustee otherwise agrees to;
- security arising by operation of law in the ordinary course of business; and
- netting and set off arrangements entered into in the ordinary course of banking arrangements.

This summary does not cover all of the permitted instances. For full details see clause 8.1(b) of the General Security Deed.

Similar terms that limit the ability of the Metlifecare Group to grant security are also contained in the Bank Facility Agreement (although these are not terms of the Bonds so Bondholders do not have the benefit of these, and they may be amended or waived by Metlifecare's bank lenders).

Each Retirement Village Company has also agreed in the Negative Pledge Deed (as discussed below) not to, without the prior written consent of the majority creditors, provide any security over its assets or revenues, except in certain limited permitted instances. The permitted instances include:

- security to a Statutory Supervisor, Metlifecare or any Guarantor;
- security which the Security Trustee or the majority creditors otherwise agree to;
- security arising by operation of law in the ordinary course of business; and
- netting and set off arrangements entered into in the ordinary course of banking arrangements.

This summary does not cover all of the permitted instances.

5 Metlifecare's bank facilities are divided into a core facility and a development facility. The core facility is used to fund land acquisitions and general working capital requirements of the business. Once construction commences at a development site, all borrowings for the purpose of funding the purchase of that development site are transferred from the core facility to the development facility. Construction (and other development costs) are then funded from the development facility.

Each Retirement Village Company has also agreed in the Negative Pledge Deed not to dispose of the whole or any material part of its assets except in good faith and for proper value on an arm's length basis, with the prior written consent of the majority creditors, or in certain other permitted instances.

For full details of the negative pledge and restriction on disposals see clauses 2 and 3 of the Negative Pledge Deed.

The Retirement Village Security, Negative Pledge Deed and Statutory Supervisor

To support the Security provided to the Security Trustee described above, each Retirement Village Company provides the Retirement Village Security and the Negative Pledge Deed described below.

While the Security Trustee holds security over the Retirement Village Company Shares (and all the other assets of Metlifecare and the Guarantors) as described above, it does not hold security directly over the assets of the Retirement Village Companies.

Instead, each Retirement Village Company:

- provides to Metlifecare (and Metlifecare Holdings, in the case of its direct subsidiaries) the **Retirement Village Security**, as follows:
  - mortgages (each a **Retirement Village Second Mortgage**) over its land (including permanent buildings). The Retirement Village Second Mortgages rank below the mortgages to the relevant Statutory Supervisor (each a **Statutory Supervisor's First Mortgage**); and
  - general security over all of its assets under a general security agreement. This general security ranks above any security interest of the relevant Statutory Supervisor, except in relation to the Retirement Village Company's land (including permanent buildings) as described above; and
- promises in favour of the Bondholders and other secured creditors not to grant any other security over its assets, other than certain limited permitted security, and not to make certain disposals, in a negative pledge deed (the **Negative Pledge Deed**).

The Retirement Village Security provides Metlifecare and Metlifecare Holdings with security for the repayment of any amounts lent by Metlifecare and Metlifecare Holdings (as applicable) to that Retirement Village Company. After the Security Trustee enforces the Security, the Security Trustee would then be entitled to enforce the Retirement Village Security to recover such amounts lent by Metlifecare and Metlifecare Holdings. However, each Statutory Supervisor has first rights (ahead of Metlifecare and Metlifecare Holdings, and therefore ahead of the Security Trustee and Bondholders) to the proceeds of security enforcement over the land owned by each Retirement Village Company (including permanent buildings) for various amounts owing to the relevant Statutory Supervisor or to any resident of that retirement village including under an occupation right agreement. These amounts secured in favour of the relevant Statutory Supervisor include the Residual Capital Sum for each resident of the retirement village.

As shown in the table of secured assets above, the Statutory Supervisor's First Mortgages effectively reduce the value of the Retirement Village Company Shares, which are subject to the Security held by the Security Trustee.

In addition to the Statutory Supervisor's First Mortgages, the Retirement Villages Act requires a memorial to be placed on the title of any property or premises that is owned or leased under a registered lease by a Retirement Village Company. This means that, unless all residents of the retirement village have received independent legal advice and at least 90% of those residents have consented in writing, the holder of a security interest or any receiver or liquidator or statutory manager of property comprising the retirement village or of any operator of the retirement village must not exercise any right to:

- dispose of the retirement village other than as a going concern; or
- disclaim any occupation right agreement relating to the retirement village as onerous property; or
- evict any resident or exclude any resident from the use of any facilities or any part of the registered village to which that resident is ordinarily entitled.

Guarantees

Metlifecare as Issuer is responsible for repaying, and paying interest on, the Bonds. Payments on the Bonds are guaranteed by Metlifecare Holdings Limited, Metlifecare Pohutukawa Landing Limited, Metlifecare Orion Point Limited and Metlifecare Botany Limited under the Guarantee contained in the General Security Deed. At the date of this PDS, no other members of the Metlifecare Group are Guarantors. Members of the Metlifecare Group may be added or removed as Guarantors from time to time. Any person that becomes a guarantor of the Bank Facility Agreement under the General Security Deed will also be a Guarantor of the Bonds.

The Guarantors guarantee (jointly and severally) the payment of all amounts owed by Metlifecare to you in respect of the Bonds. The Guarantee is not subject to any limits or conditions.

The Guarantee is a cross guarantee. A cross guarantee is a document under which each guarantor guarantees each other guarantor's liabilities. Metlifecare is also a guarantor under the Guarantee in the General Security Deed (but, as Issuer, is not a Guarantor of the Bonds).

The obligations of any Guarantors under the Guarantee will be secured by the General Security Deed and the Security Trust Mortgages, as described above. There is no limit on the amount secured by the Security. Metlifecare believes that the Security is sufficient and is reasonably likely to be sufficient to:

- repay the liability under the Guarantee; and
- pay all other liabilities that a security interest over any of the Security secures and that rank above, or equally with, the liability under the Guarantee.

Events of Default

The Events of Default are contained in the Trust Deed. They include:

- A failure by Metlifecare to make a payment on the Bonds (subject to applicable grace periods).
- A breach of the Loan to Valuation Ratio which is not remedied within (approximately) 13 months of that breach being disclosed to the Bond Supervisor in a semi-annual compliance report.
- A breach by Metlifecare of a material term of the Trust Deed or the Bonds, or by a member of the Metlifecare Group of a material undertaking in the Security Trust Deed, the Security or the Negative Pledge Deed.
- A material misrepresentation by a member of the Metlifecare Group under the Trust Deed, the Bonds, the Security Trust Deed, the Security or the Negative Pledge Deed (subject to applicable remedy periods).
- Indebtedness of more than $10 million in respect of other borrowed money of Metlifecare or a Guarantor is not paid when due (or within any applicable grace period), or is called up as a result of a default.
- Insolvency events that affect Metlifecare or a member of the Metlifecare Group.
- Termination of the Security Trust Deed, Security or Negative Pledge Deed.

This summary does not cover all of the Events of Default. For full details of the Events of Default see condition 18 of the Bonds (as set out in Schedule 1 of the Trust Deed).

If an Event of Default occurs, the Bond Supervisor may in its discretion, and must upon being directed to do so by an Extraordinary Resolution of Bondholders, declare the Principal Amount and any accrued interest on the Bonds due and payable. If this occurs, Metlifecare will need to repay the Principal Amount of the Bonds and any outstanding interest due. Outstanding interest will be calculated based on the number of days since the last Interest Payment Date and the total number of days in the current Interest Period.

Any enforcement of the Security must be by the Security Trustee, not the Bond Supervisor.

Distribution stopper

Under the Trust Deed Metlifecare is not permitted to make any distribution if an Event of Default is continuing or if it would result in an Event of Default.

Other relevant information about the Trust Deed and the Security Trust Deed

The Trust Deed for the Bonds contains a number of standard provisions, including in relation to the powers and duties of the Bond Supervisor, and the process for amending the Trust Deed. You can find a copy of the Trust Deed on the Disclose Register. You should read the Trust Deed for further information.

The Security Trust Deed sets out how the Security can be enforced by the Bond Supervisor and other secured creditors. In most circumstances the Security Trustee must act in accordance with instructions of the majority of those creditors who have the benefit of the Security. As a majority of creditors is determined by respective credit exposures (which depending on the circumstances may be based on principal amount lent, or facility limits) Metlifecare's bank lenders currently constitute the majority creditors for the purpose of giving instructions to the Security Trustee. This means that the Bond Supervisor and Bondholders may not be able to instruct the Security Trustee to enforce the Security if the majority creditors do not agree.

The Security Trust Deed contains a number of other important terms, including:

- The rules as to distribution of proceeds received by the Security Trustee on enforcement of the Security. To summarise, after paying costs (including those of the Security Trustee or any receiver), the creditors secured by the Security rank equally.
- The procedure by which Metlifecare may extend the benefit of the Security to new creditors, who would then rank equally with the Bonds. Metlifecare may generally do so provided it is permitted under existing secured finance documentation and a default does not exist.
- The ability of the majority creditors to require the Security Trustee to enforce the Security. In certain circumstances individual creditors or groups of creditors also have this right. An example of this is that, where there is a Major Default, the Bond Supervisor can require the Security Trustee to enforce the Security (unless other creditors give conflicting instructions (as to how, but not whether to enforce the Security) in accordance with the Security Trust Deed).
- The ability of the majority creditors to waive obligations under, or agree changes to, the Security Trust Deed (though if a waiver or change would have a material adverse effect on Bondholders as compared to its effect on other creditors, then approval of the Bondholders will be required).

Selling Restrictions

Metlifecare does not intend that the Bonds be offered for sale, and no action has been taken or will be taken to permit a public offering of Bonds, in any jurisdiction other than New Zealand. You may only offer for sale or sell any Bond in conformity with all applicable laws and regulations in any jurisdiction in which it is offered, sold or delivered. This PDS may not be published, delivered or distributed in or from any country other than New Zealand.

By subscribing for or otherwise acquiring any Bonds, you agree to indemnify, among others, Metlifecare, the Bond Supervisor and the Joint Lead Managers for any loss suffered as a result of any breach by you of the selling restrictions referred to in this section.

6. RISKS OF INVESTING

Introduction

This section 6 describes the following potential key risk factors:

- general risks associated with an investment in the Bonds; and
- specific risks relating to the Metlifecare Group's creditworthiness.

Key risks outlined in this section are based on an assessment of the probability of a risk occurring and its potential impact (individually or in combination with other key risks) at the date of this PDS. There is no guarantee or assurance that key risks will not change, alter in their significance or that other risks will not emerge.

You should carefully consider these risk factors (together with the other information in this PDS) before deciding to invest in the Bonds.

Before making any investment decision it is important that investors consider the suitability of an investment in the Bonds in light of their own individual risk profile for investments, investment objectives and personal circumstances (including financial and taxation issues). The risks described in this section do not take account of the personal circumstances, financial position or investment requirements of any particular person other than the Metlifecare Group.

General Risks

An investment in the Bonds is subject to the following general risks.

Credit Risk on Metlifecare

The risk that Metlifecare becomes insolvent and is unable to meet its obligations under the Bonds. If the Security is insufficient to repay you in these circumstances, you might not recover the amount of your investment in the Bonds or receive the returns you expect.

Secondary Market Risk

The risk that, if you wish to sell your Bonds before maturity:

- you may be unable to find a buyer; or
- the price at which you are able to sell them is less than the amount you paid for them.

These outcomes may arise because of factors related to Metlifecare Group's creditworthiness, or because of other factors. These other factors may include the following:

- The fact that a trading market for the Bonds may never develop, or, if it develops, is not very liquid. Although permission is expected to be granted to quote the Bonds on the NZX Debt Market, this does not guarantee any trading market in the Bonds.
- The level, direction and volatility of market interest rates. For example, if market interest rates go up, the market value of the Bonds would typically be expected to go down and vice versa.
- The fact that Bondholders seeking to sell relatively small or relatively large amounts of Bonds may not be able to do so at prices comparable to those available to other Bondholders.

Specific risks relating to Metlifecare's creditworthiness

Metlifecare considers that the circumstances which could significantly affect, either individually or in combination, the Metlifecare Group's future financial position and financial performance, and therefore significantly increase the risk that Metlifecare may default on its obligations under the Bonds are as set out below. These circumstances, either individually or in combination, may affect Metlifecare's ability to pay interest on, or repay, the Bonds.

Risk of decline in demand for the Metlifecare Group's retirement village units

Metlifecare is susceptible to the risk of a loss of demand for retirement village units as a result of the following key factors:

- **Adverse property market changes in the New Zealand markets where Metlifecare operates (in particular Auckland and Bay of Plenty).** As at 30 June 2019, 68% of the Metlifecare Group's portfolio of retirement village units was located within the Auckland region and 16% of the portfolio was located in the Bay of Plenty region (including care and retirement village units in development or planned).

  Consequently, Metlifecare is sensitive to market changes in these areas. A reduction in property values in the Auckland/Bay of Plenty regions, as a result of market or regulatory factors may negatively affect re-sale prices and may also impact demand for retirement village units, as potential residents may have difficulty selling their houses promptly or at a price that allows them to then afford an occupancy right. A reduction in retirement village property values and/or demand for retirement village units:

  a) will adversely affect cash flows, which could impact Metlifecare's ability to service debt; and/or

  b) is likely to adversely affect the value of the Metlifecare Group's property portfolio and, in turn, the value of the Security.

  As a partial mitigant to the potential adverse effects on cash flows, the difference between the current estimated sale price of each retirement village unit in the portfolio less its previous sale price was approximately $744 million in total as at 30 June 2019. Metlifecare is not able to influence the rate at which these embedded capital gains are realised. In the event of adverse market changes, this difference provides the Metlifecare Group with some flexibility to, where appropriate, reduce retirement village unit prices to support ongoing resales and occupancy.

  In relation to potential adverse effects on the property portfolio, Metlifecare's net assets exceeded its drawn bank debt by a factor of approximately 5.3 times, as at 30 June 2019. This provides a buffer for the value of the Metlifecare Group's property portfolio to reduce before Metlifecare's loan to valuation ratios are threatened.

  Metlifecare monitors the property market, including through real estate data, and further seeks to mitigate the risks through the provision of needs-based care in a number of Metlifecare's villages, and settlement processes that typically result in the timing of outgoing repayment obligations matching incoming resales cash flows. In the event of a significant downturn, Metlifecare also has the ability to scale back its development activity and therefore reduce or slow the increase in its development debt for a period of time.

- **Reputational damage.** Adverse publicity, and particularly adverse publicity in relation to the care and welfare of Metlifecare's residents, health and safety matters or staffing, is likely to be viewed as a serious concern and could lead to a decline in demand for retirement village units. Given Metlifecare's high level of involvement in the lives of many of its residents, it is vital that those residents can trust and feel secure with the Metlifecare Group. Adverse publicity may arise, for instance, from complaints to the Health and Disability Commission or Retirement Commissioner, an inability to hire sufficiently skilled staff when needed, or breach of regulation.

  Reputational demand risks are managed through various controls including oversight of the Resident Experience & Care Committee and Board, certification audits, regular reviews of compliance with regulations, developed policies and procedures, monitoring of resident beliefs and expectations, and customer focused management of issues and complaints.

- **Industry disruption and oversupply.** Metlifecare's business is reliant on people seeking to move into a retirement village as they age. New, disruptive industry models, such as technologies that allow potential residents to delay or avoid moving to a retirement village, may reduce demand and, in turn, occupancy of Metlifecare's villages. Oversupply of new retirement village units may also occur if competitors take a more aggressive approach to development in the markets in which Metlifecare operates, which may also reduce Metlifecare's occupancy rates and market share.

  These industry demand risks are mitigated by barriers to entry such as regulation requirements and cost of supply, which may limit the ability for new offerings to enter the market.

A decline in demand for retirement village units, whether as a result of these factors individually or cumulatively, will impact on Metlifecare's assets, liquidity and ability to obtain further funding. It could also lead to reduced cash flow following a build-up of retirement village unit inventory available for sale. In particular, care related earnings make up a smaller proportion of Metlifecare's earnings than key competitors. Therefore, Metlifecare is relatively reliant on strength in the housing market and other demand factors, and its cash flows are sensitive to resales gains (which reflect the difference between the previous and current resale price of its retirement village units).

Development cash flow risk

Metlifecare's new village developments expose Metlifecare to development cash flow risk, being the difference between revenue collected from the sales of new retirement village units and the cost of development.

This includes the inherent risk in developing new retirement village units to be sold at a future date in a real estate market that may be flat or declining. This could result in overall reduced sales revenue and cash flows for Metlifecare, without a similar reduction in development costs. There are also risks of unplanned costs and delays when developing new villages, for instance due to labour/material shortages, inclement weather, health and safety issues and building consents. Metlifecare is also reliant on external contractors and sub-contractors, so contractor default and issues such as liquidations are also risks. Construction contracts may also need to be varied, increasing costs.

The completion of new property developments often occurs several years following the acquisition of land and the commencement of planning and construction. Market movements during that time, as well as demand for new units in the relevant village, can mean that the timing and quantum of revenue generated from a new development can differ (positively or negatively) from that assumed in expected project feasibility projections.

Metlifecare is exposed to these risks due to its ongoing development of retirement villages as part of its regular business. For example, in the financial year to 30 June 2019 the Metlifecare Group delivered 112 retirement village units and 70 care beds. The total development cost the Metlifecare Group incurred in respect of these units and care beds (generally including infrastructure but excluding land and common areas) was approximately $106 million.

Development margins can vary significantly from year to year. The development margin is a non-GAAP measure that includes development sales receipts less construction costs, non-recoverable GST, capitalised interest to the date of completion and land apportionment costs but excludes construction costs associated with offices, common areas and amenities. For instance, the development margins for the Metlifecare Group for the financial years to 30 June 2017, 2018 and 2019 were approximately $19 million (with 130 new retirement village units sold), $16 million (with 98 new retirement village units sold) and $17 million (with 116 new retirement village units sold), respectively.

Development risks are monitored on an ongoing basis and managed in order to control and mitigate potential negative effects on the business. Once construction is underway, there is typically a need to finish stages that have been started and cost overruns can occur. Construction contracts are tendered or negotiated providing certainty before setting sales prices for occupation rights. New sales risks are managed by an experienced development team, regional demand modelling, market testing and presales.

The Metlifecare Group seeks to manage such risks through a range of factors, including (among others) early contractor involvement, assessment of pricing and contracting options, a thorough value management process to reduce costs, assessment of optimal construction methodology, allowing sub-contractors to fulfil contractor obligations and provide continuity in event of contractor default, reserving legal options in event(s) of default and obligations to advise in a timely manner of scope changes and variations across construction contracts. Metlifecare's Development Committee, Board and development team also monitor developments, new sales unit pricing and potential cost overruns, and Metlifecare stages developments where possible to reduce development commitment risk. Further commitments to build subsequent stages can be avoided or deferred in an unfavourable market.

Remediation project risks

The Metlifecare Group is undertaking a village remediation programme addressing weathertightness issues, which is scheduled to be substantially completed in 2023. As at 30 June 2019, the Metlifecare Group's projected future remediation spend under this programme to 30 June 2023 was $45 million. This remediation spend is estimated to cover approximately 216 retirement village units across five villages. The remediation programme is designed to address issues at the villages within the Metlifecare Group identified and assessed as level two.[6] As at the date of this PDS, no units identified as requiring remediation are assessed at level one.

One of the villages where buildings have been assessed as level two (requiring imminent remediation), Dannemora Gardens, is currently undergoing extensive remedial work to one of its buildings, known as Block C. There are various other buildings at this village built around the same time as Block C which have been assessed by external experts as levels three to five and Metlifecare intends to undertake further investigations of these buildings during the latter part of the 2019 calendar year. Depending on the results of these investigations, the scale and timing of the remediation programme may change.

This remediation programme is intended to ensure the Metlifecare Group's villages remain competitive and well-positioned to meet the future needs and expectations of residents as well as the latest building codes.

However, this programme may have unexpected costs and delays, and further currently unknown issues with retirement village units may be identified, which may impact on the Metlifecare Group's revenues and increase costs, adversely affecting Metlifecare's financial performance. As any such additional costs are currently unknown, it is not possible to predict their extent or impact if they were to arise. Remediation may also require additional costs to repurchase retirement village units for works.

Delays, increases in the amount of remediation work required, and temporary rehousing of residents (including in the case of delays) may all have reputational impacts (as discussed above), and limit Metlifecare's available stock of vacant retirement village units.

To mitigate these risks the remediation programme has been designed with the intention of assessing and forecasting cost, identifying and resolving potential issues, and minimising expected disruption to residents. Metlifecare's Development Committee, Board and development team also monitor remediation projects, and Metlifecare has involved qualified external experts in the remediation assessment and planning.

6 Metlifecare engaged external experts to assess certain units within the Metlifecare Group against a scale of level one to level five, with levels one and two relating to retirement village units identified by Metlifecare as being in need of remediation work under the remediation programme. While the assessment of all units in villages with identified problems is now considered complete, it is possible that the earlier categorisation of some of the units will change, or other additional units may require remediation in the future.

7. TAX

If you are tax resident in New Zealand or otherwise receive payments of interest on the Bonds that are subject to the resident withholding tax rules, resident withholding tax will be deducted from payments of interest to you, unless you produce to the Securities Registrar a valid certificate of exemption on or before the record date for the relevant payment date.

If you receive payments of interest on the Bonds subject to the non-resident withholding tax rules, an amount equal to any approved issuer levy (**AIL**) payable will be deducted from payments of interest to you in lieu of deducting non-resident withholding tax (except where you elect otherwise and Metlifecare agrees, or it is not possible under any law, in which case non-resident withholding tax will be deducted).

If the AIL regime applies, Metlifecare will apply the zero rate of AIL if possible, and otherwise pay AIL at the applicable rate.

If the AIL regime changes, Metlifecare reserves the right not to pay AIL. See the Trust Deed for further details.

Indemnity

If, in respect of any of your Bonds, Metlifecare becomes liable to make any payment of, or on account of, tax payable by you, then you will be required to indemnify Metlifecare in respect of such liability. Any amounts paid by Metlifecare in relation to any such liability may be recovered from you by withholding the amount from further payments to you in respect of Bonds. See the Trust Deed for further details.

Generally

There may be other tax consequences from acquiring or disposing of the Bonds. If you have any queries relating to the tax consequences of the investment, you should obtain professional advice on those consequences.

The above generalised summary is based on the taxation laws in force in New Zealand as at the date of this PDS. Future changes to these or other laws may affect the tax consequences of an investment in the Bonds.

8. WHO IS INVOLVED?

	Name	Role
Issuer	Metlifecare Limited	Issuer of the Bonds.
Bond Supervisor	Public Trust	Holds certain covenants on trust for the benefit of the Bondholders, including the right to enforce Metlifecare's obligations under the Bonds.
Arranger	Westpac Banking Corporation (ABN 33 007 457 141) (acting through its New Zealand branch)	Provides advice and assistance to Metlifecare in arranging the Offer.
Joint Lead Managers	Deutsche Craigs Limited Forsyth Barr Limited Jarden Securities Limited Westpac Banking Corporation (ABN 33 007 457 141) (acting through its New Zealand branch)	Assist with the bookbuild for the Offer, and marketing and distribution of the Offer. Except as described above, the Joint Lead Managers are not otherwise involved in the Offer. None of the Arranger, the Joint Lead Managers and their respective directors, employees, agents and advisers have independently verified the content of this PDS. This PDS does not constitute financial advice from the Arranger, any Joint Lead Manager or any of their respective directors, officers, employees, agents or advisers to purchase, any Bonds. You must make your own independent investigation and assessment of the financial condition and affairs of Metlifecare before deciding whether or not to invest in the Bonds.
Securities Registrar	Computershare Investor Services Limited	Maintains the register of Bondholders.
Security Trustee	New Zealand Permanent Trustees Limited	Holds the Security for all creditors entitled to its benefit (including the Bond Supervisor and the Bondholders).
Solicitors to Issuer	Chapman Tripp	Provides legal advice to the Metlifecare Group in respect of the Offer.
Solicitors to Bond Supervisor	Lane Neave	Provides legal advice to the Bond Supervisor in respect of the Offer.

9. HOW TO COMPLAIN

Complaints about the Bonds can be directed to:
Metlifecare Limited at
General Counsel & Company Secretary
20 Kent St
Newmarket
Auckland 1023
Telephone: +64 9 539 8004
Email: bonds@metlifecare.co.nz

If for any reason Metlifecare is unable to resolve your complaint, please contact:
The Bond Supervisor at
Manager Client Services
Corporate Trustee Services
Public Trust
Level 9
34 Shortland Street
Auckland 1010
Telephone: + 64 9 985 5582
Email: cts.enquiry@publictrust.co.nz

The Bond Supervisor is a member of an external, independent dispute resolution scheme operated by Financial Services Complaints Limited (**FSCL**) and approved by the Ministry of Consumer Affairs. If the Bond Supervisor has not been able to resolve your issue, you can refer the matter to FSCL by emailing complaints@fscl.org.nz, or calling FSCL on 0800 347 257, or by completing the complaints form online at www.fscl.org.nz/complaints/complaint-form, or by writing to FSCL at PO Box, 5967, Wellington 6145.

The scheme will not charge a fee to any complainant to investigate or resolve a complaint.

Complaints may also be made to the Financial Markets Authority through their website www.fma.govt.nz.

10. WHERE YOU CAN FIND MORE INFORMATION

Further information relating to Metlifecare and the Bonds is available on the online offer register maintained by the Companies Office known as 'Disclose'. The offer register can be accessed at www.companiesoffice.govt.nz/disclose.

A copy of the information on that register is also available on request to the Registrar of Financial Service Providers at registrar@fspr.govt.nz. The information contained on that register includes a copy of the Trust Deed (including the Supplemental Deed and the conditions of the Bonds) and copies of the Security Trust Deed, General Security Deed and Negative Pledge Deed.

Metlifecare is subject to a disclosure obligation in relation to its shares that requires it to notify certain material information to the NZX for the purpose of that information being made available to participants in the market. Metlifecare's page on the NZX website, which includes information made available under the disclosure obligations referred to above, can be found at www.nzx.com/companies/MET.

11. HOW TO APPLY

The Offer will be open to institutional investors and members of the public who are resident in New Zealand.

All of the Bonds offered under the Offer (including any oversubscriptions) have been reserved for subscription by clients of the Joint Lead Managers, NZX Firms and other approved financial intermediaries invited to participate in a bookbuild conducted by the Joint Lead Managers.

There is no public pool for the Bonds. This means you can only apply for Bonds through a Primary Market Participant or approved financial intermediary who has obtained an allocation. You can find a Primary Market Participant by visiting www.nzx.com/investing/find-a-participant.

The Primary Market Participant or approved financial intermediary will:

- provide you with a copy of this PDS (if you have not already received a copy);
- explain what you need to do to apply for Bonds; and
- explain what payments need to be made by you (and by when).

The Primary Market Participant or approved financial intermediary can also explain what arrangements will need to be put in place for you to trade the Bonds (including obtaining a common shareholder number (CSN), an authorisation code (FIN) and opening an account with a Primary Market Participant) as well as the costs and timeframes for putting such arrangements in place.

12. CONTACT INFORMATION

Issuer	**Metlifecare Limited** 20 Kent St Newmarket Auckland 1023 Telephone: +64 9 539 8004
Securities Registrar	**Computershare Investor Services Limited** Level 2, 159 Hurstmere Road Takapuna Auckland 0622 Private Bag 92119 Auckland 1142 Telephone: +64 9 488 8777
Arranger and Joint Lead Manager	**Westpac Banking Corporation (ABN 33 007 457 141) (acting through its New Zealand branch)** Westpac on Takutai Square Level 8, 16 Takutai Square Auckland 1010 Telephone: 0800 942 822
Joint Lead Managers	**Deutsche Craigs Limited** Level 36, Vero Centre 48 Shortland Street Auckland 1010 Telephone: 0800 226 263 **Forsyth Barr Limited** Level 23, Lumley Centre 88 Shortland Street Auckland 1010 Telephone: 0800 367 227 **Jarden Securities Limited** Level 39, ANZ Centre 23-29 Albert Street Auckland 1010 Telephone: 0800 005 678

13. GLOSSARY

$	New Zealand dollars.
Arranger	Westpac Banking Corporation (ABN 33 007 457 141) (acting through its New Zealand branch).
Bank Facility Agreement	The facility agreement dated 8 March 2012 (as subsequently amended and restated from time to time) made between (among others) Metlifecare (as borrower), Metlifecare Holdings (as guarantor) and ANZ Bank New Zealand Limited (as agent).
Bond Supervisor	Public Trust or such other supervisor as may hold office as supervisor under the Trust Deed from time to time.
Bondholder	A person whose name is entered in the Register as a holder of a Bond.
Bonds	The bonds constituted and issued pursuant to the Trust Deed and offered pursuant to this PDS.
Business Day	A day (other than a Saturday or Sunday) on which registered banks are generally open for business in Auckland and Wellington, except that in the context of the Listing Rules it means a day on which the NZX Debt Market is open for trading.
Closing Date	Friday, 20 September 2019 at 12.00pm.
Disclose Register	Means the online offer register maintained by the Companies Office known as ‘Disclose’.
Event of Default	Each event set out in condition 18 of the Bonds (as set out in Schedule 1 of the Trust Deed), which are summarised in section 5 of this PDS (*Key features of the Bonds*).
Extraordinary Resolution	Means a resolution passed with the support of Bondholders holding not less than 75% of the aggregate Principal Amount of Bonds held by those persons voting.
First Interest Payment Date	30 December 2019.
FMCA	Financial Markets Conduct Act 2013.
General Security Deed	The composite general security agreement and cross guarantee dated 29 July 2004 (as most recently amended on 3 September 2019) between Metlifecare, each Guarantor and the Security Trustee.
Guarantee	The cross guarantee contained in the General Security Deed.
Guarantors	Each person (other than Metlifecare) who provides the Guarantee under the General Security Deed. As at the date of this PDS, the Guarantors are Metlifecare Holdings Limited, Metlifecare Pohutukawa Landing Limited, Metlifecare Orion Point Limited and Metlifecare Botany Limited.
Inland Revenue	The New Zealand Inland Revenue Department.
Interest Payment Dates	30 March, 30 June, 30 September and 30 December in each year (or if that day is not a Business Day, the next Business Day) until and including the Maturity Date.
Interest Period	Each period beginning on, and including, an Interest Payment Date (or the Issue Date) and ending on, but excluding, the next Interest Payment Date (or the Maturity Date).
Interest Rate	The interest rate for the Bonds, as announced by Metlifecare via NZX on the Rate Set Date.
Issue Date	30 September 2019.
Issue Margin	The issue margin determined by Metlifecare in conjunction with the Joint Lead Managers following the bookbuild for the Offer as announced by Metlifecare via NZX on the Rate Set Date.
Joint Lead Managers	Deutsche Craigs Limited, Forsyth Barr Limited, Jarden Securities Limited and Westpac Banking Corporation (ABN 33 007 457 141) (acting through its New Zealand branch).
Listing Rules	The listing rules applying to the NZX Debt Market.

Loan to Valuation Ratio	The undertaking in condition 14.2 of the Bonds (as set out in Schedule 1 of the Trust Deed) under which Metlifecare agrees to ensure that the total principal amount of all indebtedness secured under the Security Trust Deed is not more than 50% of the total valuation of the Retirement Village and Care Home Portfolio, on 30 June and 31 December in each year.
Major Default	Means an Event of Default that is a Major Default as defined in the Security Trust Deed, and in relation to the Bonds includes: • A failure by Metlifecare to make a payment of principal or interest on the Bonds. • The insolvency of Metlifecare or a Guarantor. • Certain events relating to security occur (as determined by the Security Trustee acting on the instructions of the majority creditors), including that the Security or the Negative Pledge Deed ceases to be in full force and effect.
Maturity Date	30 September 2026
Metlifecare or Issuer	Metlifecare Limited.
Metlifecare Group	Metlifecare and the companies it owns.
Metlifecare Holdings	Metlifecare Holdings Limited.
Negative Pledge Deed	The negative pledge deed dated 20 December 2018 (as most recently supplemented on 17 May 2019) provided by each Retirement Village Company in favour of (among others) the Bondholders.
NZ GAAP	Generally accepted accounting practice in New Zealand as defined in section 8 of the Financial Reporting Act 2013.
NZX	NZX Limited.
NZX Debt Market	The debt security market operated by NZX.
NZX Main Board	The main registered market for trading equity securities operated by NZX.
Offer	The offer of Bonds made by Metlifecare under this PDS.
Opening Date	Monday, 16 September 2019.
Operator's Interest	The present value attributable to the forecast future net income flows to be generated by a retirement village that a Retirement Village Company is entitled to receive for owning and managing the village.
PDS	This product disclosure statement for the Offer dated 6 September 2019.
Primary Market Participant	Has the meaning given to that term in the NZX Participant Rules as amended from time to time.
Principal Amount	$1.00 per Bond.
Rate Set Date	Friday, 20 September 2019.
Register	The register in respect of the Bonds maintained by the Securities Registrar.
Residual Capital Sum	The amount each Retirement Village Company is obliged to repay when a resident leaves his or her unit and the Retirement Village Company has received payment from a new resident taking over the unit. This amount is equal to the lump sum amount each retirement village resident pays to the relevant Retirement Village Company for the right to occupy his or her unit (less certain deductions including deferred management fees).
Retirement Village and Care Home Portfolio	Each retirement village and care facility (including land available for development and unfinished retirement village unit stock) owned and operated by any member of the Metlifecare Group. The Retirement Village and Care Home Portfolio also includes any interest of Metlifecare or a Guarantor in a retirement village and/or care facility under a joint venture arrangement, where such interest is included in the loan to valuation ratio in the Bank Facility Agreement. On the date of this PDS this includes Metlifecare's interest in Metlifecare Palmerston North Limited.
Retirement Village Company	Each member of the Metlifecare Group that is or will be the operator of a retirement village.

Retirement Village Company Shares	The ordinary shares in each Retirement Village Company. These shares are owned by Metlifecare and Metlifecare Holdings, and may be owned by other Guarantors from time to time.
Retirement Village Second Mortgage	Each mortgage over a retirement village provided by a Retirement Village Company in favour of Metlifecare and/or Metlifecare Holdings (and/or another Guarantor from time to time), as applicable. The Retirement Village Second Mortgage rank below the Statutory Supervisor's First Mortgages.
Retirement Villages Act	Retirement Villages Act 2003.
Securities Registrar	Computershare Investor Services Limited.
Security	The General Security Deed and each Security Trust Mortgage.
Security Trust Deed	The security trust deed dated 20 December 2018 (as most recently amended on 3 September 2019) between (among others) Metlifecare, the Guarantors and New Zealand Permanent Trustees Limited (as Security Trustee).
Security Trust Mortgage	Each first ranking registered mortgage granted by Metlifecare and the Guarantors in favour of the Security Trustee over the Security Trust Properties.
Security Trust Property	Land (including permanent buildings) owned by Metlifecare and the Guarantors. This includes bare land and land that is under development and not yet used for operational retirement villages. The Security Trust Properties are subject to the Security Trust Mortgages.
Security Trustee	New Zealand Permanent Trustees Limited or such other person as may hold office as security trustee under the Security Trust Deed from time to time.
Statutory Supervisor	Such statutory supervisor as may be appointed from time to time as statutory supervisor in respect of a retirement village pursuant to the Retirement Villages Act.
Statutory Supervisor's First Mortgage	Each mortgage over a retirement village provided by a Retirement Village Company in favour of the relevant Statutory Supervisor. These include first ranking mortgages in respect of each Retirement Village Company, and (in the case of Metlifecare Greenwood Park Limited) includes both first and second ranking mortgages in favour of the relevant Statutory Supervisor. The Statutory Supervisor's First Mortgages rank ahead of the Retirement Village Second Mortgages. The Bondholders do not have the benefit of any Statutory Supervisor's First Mortgage.
Supplemental Deed	The Supplemental Deed dated 6 September 2019 between Metlifecare and the Bond Supervisor setting the terms and conditions of the Bonds (as amended or supplemented from time to time).
Swap Rate	The mid-market rate for an interest rate swap of a term matching the period from the Issue Date to the Maturity Date as calculated by the Arranger in consultation with Metlifecare, according to market convention, with reference to Bloomberg page 'ICNZ4' (or any successor page) on the Rate Set Date and expressed on a quarterly basis (rounded to 2 decimal places, if necessary, with 0.005 being rounded up).
Trust Deed	The Master Trust Deed dated 6 September 2019 between Metlifecare and the Bond Supervisor pursuant to which certain bonds may be issued (as amended or supplemented from time to time), and where the context requires includes the Supplemental Deed.

Metlifecare

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