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David Kerr: Tena koutou katoa. Good morning everyone and welcome to Ryman Healthcare's full year results presentation for the year ended 31 March 2018. I'm David Kerr, the Chairman of Ryman Healthcare and to my right I have Gordy MacLeod, our Chief Executive Officer and beyond him, Dave Bennett, our CFO. So the format this morning will include a bit of an overview from me, followed by presentations then by Gordy and then by Dave; Gordy's going to give you a review of the operational progress of the year and discuss some of the challenges we've experienced, the worst of which was the tragic death of one on our construction sites of a young man, Mr Graeme Rabbits, who had much of his life ahead of him. Gordy will also give you some of his views on what lies ahead for the Company in the next couple of years and David will give you greater detail on the financial results.

You will note that we're each wearing pink shirts today and that's to support Pink Shirt Day, which is a global day and which every year workplaces, schools, organisations and individuals join that movement to make a stand against bullying. At the end of the presentation we want to open up for questions from the floor and then following that, we'll take questions from callers on the conference call line. We'll bring you a microphone if you're in the room so that everybody can hear you and so that people in the conference call can also hear you. For those of you listening on a phone conference, the operator will advise you when you can ask a question, so we anticipate wrapping up around 9:45 or so.

So, the Board are more than satisfied with the full year result. I think it's fair to describe the results as a very solid result. The numbers are before you and to a degree they speak for themselves and Dave will talk you through them in greater detail later, but it's certainly been a very pleasing year and we've got some great villages well underway, we've got some great sites which are now acquired and at various stages in the consenting and construction sequence and we've also made good progress on a number of other fronts in an operational sense.

So the headline numbers were that the underlying profit rose 14.2% to \$203.5 million. The IFRS reported profit, including the revaluations, is up 8.8% to \$388.2 million and the full year dividend has been lifted 14.6% to \$0.204 per share, meaning we'll pay a final dividend of \$0.109 per share on 22 June with a record date of 8 June. The assets currently sit at \$5.8 billion so our balance sheet continues to be strong.

Some of you might recall that at the time of the half year result, I mentioned the fact that as a Company and as a Board, we are very focused on taking a long-term view, as opposed to being concerned about short-term results that are frequently the discussion that ensues.

We are prepared to invest in areas and activities where the returns may yet be some years away because we know this Company is special both in terms of what is its purpose, also in terms of how it's performed over time and how we believe it will continue to perform in the future. So Gordy's going to talk to you about some of these investments we've been making because we are investing to make the task of caring for our residents even better.

One of the measures that's often applied to company performance of course is TSR or total shareholder return and indeed that's important, but I quite like the other TS&R, which is the importance of a board to focus on talent, strategy and risk. We support the view that focusing on those three areas will greatly increase the chances of increasing total shareholder return.

Risk management is embedded in the day-to-day thinking of our people and so risk is regularly reviewed by the Board, of course. A big focus of the Company of the past year has been on our people, their capability and growing our talent pool. Gordy will expand on this, but risk and talent have appropriate attention.

When I think of strategy, I'm thinking more about the strategic direction that the Company is headed on. This of course can be and often is copied. We see this in our sector not uncommonly. As a Company, we've talked about providing a continuum of care or a fully integrated village with emphasis on the word fully.

It needs to be noted we really do provide the whole range of options, from independent apartments to adequate numbers of serviced apartments and rest home beds, hospital beds and dementia care beds. Every village we have built since 2007 has had secure dementia care and wherever we can, we have added in dementia care to existing villages. We've now been providing dementia care for 25 years. 50% of all our beds and units are care related, so there's not a token number of care beds.

We aim to provide certainty that we can provide appropriate care to our residents and we also see a sense of social responsibility to the communities that we live in, by seeing that we provide that full spectrum of care to them also, if at all possible. So this is our strategy and it has been for as long as I can recall.

However, what cannot be copied is the culture. Strategy actually sets the direction, clearly, but it's the culture that really is the kicker and drives the performance along. McKinsey suggests that companies that have top quartile cultures, as measured by an organisational health index, will outperform median companies by 60% on total shareholder return and lower quartile companies by 200% on total shareholder return.

The saying is, of course, that culture eats strategy for breakfast. I always think of this particular picture where the tourist's strategy was to see the animals, but the culture they should have adopted is one where you're always very aware of everything around you and your surroundings, because you're in a game park.

I mention culture because that's something that's always discussed at the board table, but also because one of the important announcements today is that Kevin Hickman is retiring as a Director as of 1 June. Now clearly we're very sad to see his retirement, but we most sincerely wish him well. To be fair, he's served the Company continuously for nigh on 35 years, so it'd be hard to argue that he hasn't earned a break. He stayed on over the last year to assist Gordy with the transition he's made to be Chief Executive and Kevin wholly feels confident that the business and the team generally are in great shape and that the values and the culture that underpin the business are in good heart.

It's difficult to know where to start when thinking of describing how he's contributed to this Company, but clearly as a co-founder, as a managing director and as a director, he's been mission critical. When you think of a successful founder, what you often find is that person is someone who takes on an industry norm and does so to benefit a customer. Maybe also someone who builds the company from the inside outwards with respect to staff and who then has close personal relationships with those early employees. And those early employees will share the same vision and passion and will be able to carry those values forward. The founder will also often have what I'd call an owner mindset, as opposed to a custodian or minder mindset, always taking a long-term view.

Some other research says that 80% of a company's culture is established by the early leaders or founder and this has certainly been the case with Ryman. You've heard us talk of Kevin's mantra that it's got to be good enough for mum. This was the early challenge against industry norms and was quite clearly to benefit the customer or in our case, the resident.

Those of you who followed the Company for some time will be aware that our senior executives have extraordinary long tenure of service, which we celebrate and they were, many of them, so-called early hires or employees by Kevin and his team to build the Company from the inside.

So if culture is why we do things the way we do, then our culture of it's got to be good enough for mum has its very roots in Kevin. He's ensured everyone has stayed true to their culture, but also encouraged creativity and innovation where it supported the vision.

Interestingly, we also find that many of our longstanding stakeholders and suppliers who have grown with the Company also strongly identify with that culture. Typically one would regard an entrepreneur as a person who is out to make as much money as possible and reluctant to let go of the reins. But in reality, Kevin's been pretty much the opposite. He's been a wonderful motivator of others and shown little interest in his personal remuneration. So his contribution has been profound, critical to the establishment of the underlying values and culture of the Company such as the Company's purpose and desire to do good in a social sense and that focus on caring and development, trusting and supporting long-term relationships.

I can advise that with his resignation, Kevin and his family are intent on remaining significant shareholders in the Company and knowing Kev well, he will always be available for advice.

The Board have spent some considerable time reviewing the skill sets of the Directors and the specific skill sets that we require going forwards for the next five to 10 years. As a result of this, I'm able to announce that the Board will appoint on 1 June Geoff Cumming as a Director. We're delighted at this announcement. Geoff's been a long-term, very significant investor in the Company and has always been a strong supporter. He's got very extensive governance and executive experience in large corporates and he brings to the board table a true international view. This is clearly important, given our rate of growth.

We're also well advanced in making a further appointment with a specific skill set that we believe we require, but we're very focused on only recruiting a director who embraces what we do as a company and thereby our culture. That doesn't mean that we're going to recruit clones of what - or anything like that, or recruit for sameness, I can assure you that we've just had a couple of days of board meetings and we have a pretty diverse range of views around the table from the Directors and these are welcomed.

So as a Company, we're very focused on care provision and very aware of the critical role we play in the lives of older and vulnerable citizens. Inevitably, from time to time, things don't go as well as we would have liked and the important thing is that we always should learn from each incident and this is something that our caregivers do wonderfully well. Their skills and qualities are what actually underpin our got to be good enough for mum value.

Clearly they spend very significant periods of time with our residents and they display a wide range of skills which constantly impresses me when I'm visiting villages. They are empathic in that they understand what the resident is going through. They are patient and flexible, things don't always go the way you want them to. They have passion for the role and they genuinely display an enjoyment in caring and I believe they're great communicators and great encouragers to ensure that in fact our residents achieve their full capability.

Finally, they have a great sense of humour, often not only because laughter is good medicine, but because they and the residents often experience difficult situations which are best coped with, with some humour.

Caregivers have had a major lift in pay rates and we supported them in achieving this. We also improved their terms of employment in the second half of last year by increasing sick leave from five days to 10 days annually, in recognition of the fact that there are significant challenges working in the healthcare arena and one of these days is to be taken as a wellbeing day. Gordon's going to discuss with you some of the feedback we've been getting from our staff generally, but I just want everyone to be aware of the wonderful job that this particular group the caregivers undertake and how well they achieve on a continuing basis.

So to summarise, a solid financial result achieved again. Medium term goal of doubling the profit every five years, we did that over the last five years, \$100 million to over \$200 million and that's the same, of course, as averaging 15% growth in the underlying profit annually, so that goal remains alive and well. A sadness on the resignation of Kevin, but also a celebration of the very significant contribution he's made; a big welcome to Geoff Cumming who'll be up for election, obviously, at the AGM in July; and a specific acknowledgement of the critical role and skills our caregivers across all 32 villages bring to us.

So thank you very much, I'll hand it over to Gordy.

Gordon MacLeod: Thanks David and good morning. I just wanted to start my recap by mentioning an event that had a profound impact on us this year. In January I got a call with the worst possible news, that we'd had a fatality on our Lynfield construction site. The loss of Graeme Rabbits was devastating for his family and for everyone connected with him. We've never had a workplace fatality before and we're determined to do everything we can as a team to make sure it never happens again.

Of course moments like this make you realise that despite the best efforts, the best things that you do, there are always things that you can do better and we've already made a lot of improvements across the Company, most particularly in construction. Graeme's family told me that they were determined that his loss is not in vain and we will make sure of that and in fact we're doing quite a lot of work with Graeme's father, Selwyn, as we speak.

I'd also like to add to David's comments about Kevin. Kevin had great instincts about leadership and finding the right people. He realised he couldn't achieve anything on your own. He had a saying, which was: recruit above the line and there are great stories in the Company about Kevin turning up to, say, a village manager's office, taking the whiteboard from the wall, walking up to the whiteboard and just drawing a line and then explaining that that is the line of your best people and all your recruitment should be above that line, because that's how you get better and if you can't find the right person, never compromise, keep on looking.

We love Kev's saying and we train people about it right to this day, along with a whole lot of other, we call them Kev-isms. On a personal note, Kevin has been a great sounding board for me and for the entire senior team. We cannot thank him enough and we wish him all the best.

As David touched on it, it's been another solid year. The two numbers that stand out for me are that at the end of the year we had less than 1% of our portfolio available for resale and our care centres were 97% full, compared to the industry average of 87%. When you think about the fact that the real estate markets dropped 14% in the year in New Zealand and yet our resale volumes lifted 15%, you'd have to say that Debbie McClure, our chief sales and marketing officer and the team have done a great job, outperforming volume change in the market by nearly 30%.

These numbers stand out because they are great indicator of the demand that we are seeing. We gained momentum everywhere in the business and that is set to continue. The other highlight has been the feedback we're getting from our people. Every single survey result has lifted this year, which shows that our residents, their families and our staff are happier than ever.

When I became CEO in July, I've had a huge amount of visits around our portfolio. I visited 30 villages. I've visited our seven construction sites, quite a few of the different locations I've been to a number of times and look, I've met hundreds of residents, staff, family members, fellow Rymanians, subcontractors and had lots of good chats about how we are doing, how we are performing. What can we do better?

So it's always reassuring when you get good survey results in and it does actually bear a resemblance to what you're seeing on the ground and certainly, from what I've seen on the ground, we're providing a great environment and great care to our residents. We've invested heavily in staff, through extra training, leadership, leadership programs and pay increases and improved entitlements, most particularly for staff at villages.

Behind the scenes, we've been reorganising and we've been busy recruiting in Melbourne, Auckland and in Christchurch. We have more than doubled our design and development teams in Christchurch, who also do work for the Victorian market and we have ramped up our teams in Auckland and in Melbourne. The point of all this recruitment is to double the rate at which we are rolling out villages, so that we match the New Zealand growth rate in Victoria.

This year has been the first year of Ryman Delicious and it's been a huge hit. Look at that food. It looks pretty good, aye? We've introduced seasonal menus and choice. Residents who dine with us can pick from three options every day for their main meal, including a vegetarian option. Now this was actually a big and complex operational change and highlighted the value of our chefs and their teams, who cook more than 10,000 meals fresh on site every day. Paul, who is our head chef at Anthony Wilding and our recent prize winner, says it is like running his own a la carte restaurant.

The runaway favourites with residents and Gordon MacLeod are so far salmon fillets, pork belly and beef cheeks and of course, you can't beat the traditional roast. For the first time, we've introduced a structured leadership program. As part of making sure that we are very deliberate about how we grow our own people and preserve our culture. We can't

leave it to chance. More than 200 of the Company's leaders have already taken part in the Ryman Leap Program.

The feedback has been very positive about the days and the study that's done and how it's been so well tailored for our people. So there is no generic content in it. It's purely been designed for people who work at Ryman and so our people and technology officer, Nicole Forster and her leadership development team have done a great job of developing Leap from scratch and getting it going really fast. Our biggest ever investment in improving care systems is in full swing.

This time last year we had no villages live on myRyman. Now we have 25 villages live on myRyman care app and the rollout in New Zealand is due to complete this year, ahead of schedule, which I've been sort of secretly told is July, but I'm not supposed to say and it's amazing really. For a technology project - how many do you read about that come in on time? Remember, this is rolling out a completely revolutionised way of running a care floor across thousands of people and for nursing and clinical practices that have hardly changed in 30 or 40 years.

So the training and development teams, and of course, the system itself, has just been superb. So practically, we've installed more than 2000 tablet devices in residents' rooms and we've trained 2100 nurses and caregivers on the system so far. I've sat in on a few of those training days and thankfully I'm not in charge of actually operating the system, but I've sort of got a fairly good idea how it works and the responses in the room, when people get shown the functionality and how it works, is amazing.

You'd normally expect that sort of thing to occur over a few days, wouldn't you? Well the sessions that give people their core training as a group take one session of an hour to introduce it and then another session of about two hours, just to solidify that training and then it's all out in the field. People just take to it straight away because it's so user friendly. So care plans are now all stored in myRyman and can be accessed via the tablet in the residents' room.

Our staff can see at a glance everything they need to know about each resident and what they need to do to care for them. So we get feedback from caregivers, for example, that it's great to have very systemised reminders in myRyman in the room, saying that perhaps someone has some red skin under a fold or something. They need certain ointment treatment and it's just really reassuring for everyone to know that that's being literally

checked off live on the system every single day and how the resident likes to be handled and look after during those sort of protocols.

In most healthcare settings, information you'll find on clipboards, sometimes hung over the end of a bed, paper file, often somewhere which no-one quite knows where it is or on desktops back at the nurses' station. Our clinical team for the myRyman had great potential, but they've been blown away by how successful it has actually been and we are now starting to show it more and more to family members, to help them understand the complexities with mum and dad.

How we're looking after them, the activities that they're going to, making sure the attention to daily tasks and all that sort of thing is all there and people have been really, really impressed. So we've talked about myRyman for a long time. Since July last year, the rollout team though, has made that dream a reality. I'd like to offer my thanks to that team. It has actually been quite fun, from my perspective, to watch Operations, who are sort of like nurses principally and the Technology team, who are principally sort of young guys in their twenties, often, becoming BFFs.

They're actually working together as a really cohesive team and it's been fantastic and that's why we're getting good outcomes. Good teamwork. At the same time, we've been achieving better clinical outcomes as well. Eighteen of our villages now have four year certification in terms of New Zealand, which is the gold standard of approval from the Ministry of Health. I'm hopeful actually that we will have another two shortly. One of those ones had an amazing seven continuous improvements awarded to them in their recent audit, just a couple of weeks ago.

In Australia Weary Dunlop has been reaccredited, I think it was on Thursday or Wednesday this week, with zero findings. So again, whether it's in New Zealand or Australia, the clinical outcomes are fantastic. Our clinical quality though and the constant innovation, you have to say, is a real testament to the positive leadership of Barbara Reynen-Rose, who is our chief operating officer and also to her deputy, Liz Dilger, who has worked for us for many, many years as well and of course, the whole Operations team.

I spoke with one of their people, Karen Lake, the other day, just about some of the success they were having and she very simply said to me that what she loves and what her team love, is being part of something which is successful and where they can be creative. So they love the opportunity within Operations that they can be creative and

taking things to another level all the time. So on to Triple A. For more than 10 years we've been running fitness classes for our residents, aimed at keeping them active for longer.

Each week thousands of residents take part in our Triple A classes and this year we won official recognition for our work, when we received accreditation from ACC for their Live Stronger for Longer program. Our residents love the classes and that's why so many attend and it's great to get the official stamp of approval for the work that the team have put in. I want to just take a bit of time now to update you on our expansion in Victoria.

We're building up the Victorian team, as I mentioned and there is a lot going on. We're delighted to announce today that we have bought our eighth site in Victoria. It is a one hectare site in Aberfeldie in north-west Melbourne. Aberfeldie is just nine kms from the CBD. You can see the CBD in the foreground to that photo and it is an established suburb, which is home to a number of excellent schools, making it a sought after area for families.

The site has everything we look for. It is a short distance - in fact actually, literally a stone's throw from a local supermarket and also a local retail precinct. There is an aging population in the wider area, which includes Essendon and Moonee Ponds and there is a shortage of retirement options in the area. Our first residents are due to move into their new apartments at our Brandon Park Village in the next couple of months.

The Village has been named after Australia's favourite opera Diva, Dame Nellie Melba. It is the biggest investment we've ever made in a village and it will be similar in scale to Edmond Hillary in Auckland and in fact, we - it's so important, the village, that we recruited our village manager several months ago, to make sure they were Rymanianised as much as possible before that village opens.

It's fair to say there's been a big gap between our first and second villages in Melbourne and we've learnt a lot from this. Not least of which is we actually needed more resources on the ground and in design and development, whether that be in Christchurch or in Melbourne, in the early phases particularly, so that we are able to do more things in parallel.

So we've learnt that lesson and the other lesson we've learnt is that Brandon Park actually took quite a long time to get started after the development approval was gained, because in Australia what happens is that rather than a building consent for each individual building that you get. They basically consent the whole site in every single building. Perhaps in

some of the smaller councils there, that's just a huge amount of work to do actually, for such a large scale development. We are learning now to get ahead of that and get into councils earlier, to have those discussions about how that could work.

In January this year we secured consent to begin work on a new village in Coburg. In fact, I was at the hearing that night with Andrew and the Development team and it was - it received, I think it was unanimous approval, from the local council, after a significant community consultation process, hearing everybody's views. Our construction team will be underway on site later in the year. This village includes five multistorey buildings and the team is working hard on detailed construction drawings at the moment.

Look, you can see by looking at it, it's a more complex build because of the extensive basement work required. It's a higher level than perhaps most of the ones we've done previously and we're targeting our first residents to arrive probably actually in 2020, by the time we get all the basement stuff done and all that sort of thing. By the way, it's next door to the Coburg Lions, who we sponsor.

The next cab of the rank is our Burwood East Village, which is in east Melbourne. We hope to secure planning permission soon and assuming that is the case, I'd really hope we could be starting to work there later this year. Obviously it's subject to development approval. We are in very advanced discussions regarding that. Following closely on Burwood East heels is our Geelong Village and in fact the Board - we went Geelong just a few weeks ago. It's really beautiful actually. The highway is a bit barren, isn't it, between Melbourne and Geelong.

But yes, Geelong is really beautiful and it is in the suburb of Highton and it's close to a large shopping centre. The Village is a townhouse scheme, which will be our first in Victoria and we are well advanced in our discussions with the local council and also the community and we hope to be building on site in the next few months, again subject to development approval.

We have two villages planned for the Morning Peninsula, which is really popular with Melbourne's retired community. We've recently held open days for the Mount Eliza site that we've talked about in the past, with the local community and various stakeholders to consult about our plans and what we are thinking. That's important work to do, ahead of the application for development approval.

Our second site on the Peninsula is at Mount Martha. We're still consulting and working through the design phase and probably realistically the target would be to submit something later this year or perhaps more into next year.

So that's Victoria; there's actually a lot going on, isn't there? Just to recap, we've got one village open, we've got one about to open, and all going well we should be able to start at three additional sites this year, and one of those three has already consented. Collectively, all eight villages have the potential to be home to more than 4000 Victorians and you can see we have a huge amount of momentum building as we look to match the New Zealand rollout rate in Victoria. Look, they are all great sites. Andrew Mitchell, our Chief Development Officer, and his team have done a fantastic job in finding them and shepherding them through the design, the consultation and the consenting processes to date.

I'd also like to pay thanks to Tom Brownrigg who is our Chief Construction Officer, and in fact his whole team. They have been working very hard in New Zealand, as you'll hear about in a minute, as well as preparing for this very significant lift in the build rate in Victoria that we have ahead of us.

We've also been busy in New Zealand, of course, and our new Logan Campbell in Greenlane has welcomed its first residents. I was actually there on the day and the residents that I met were just thrilled, actually, really thrilled with the teamwork between construction and operations and sales to make the experience really good. One of the chaps told me, he said he actually had very high expectations it would be beautiful when he moved in but he was actually quite emotional about the fact that it was far better than he thought it was going to be. It was quite humbling, actually. Him and his wife were just thrilled, actually. We've got 100 residents there already and we opened the doors in February.

The teams at Devonport and Lynfield are now well into their construction programs, and presales have continued to be strong. In fact, at the Devonport site Matt Hutchinson has built a little deck so that the kids in the area can come and watch behind Perspex some of the diggers in action, which has gone down a treat. I've had cards from children aged 1.5 and 2.5, because you don't do halves at school now, you do it to one decimal place. We're hoping to welcome our first residents at those two sites again later in the year.

The next villages to go through our community consultation and consenting process in Auckland will be Lincoln Road and Hobsonville. I'm also really pleased to be able to share with you today that we have received consent for our new village on River Road in Hamilton and early works are underway, and that site is an absolute stunner.

We have recently bought new sites in Karori in Wellington and in Havelock North. The Karori site was formally a Victoria University campus and is a site that we have had our eyes on for many years, so we were delighted to secure it. We had a very positive response from local residents at the recent community drop-in days that we held on the campus not last week - in the last two weeks, anyway.

We've also secured an excellent site in Havelock North, which was also announced today. It is an area that is popular with retirees and there's a real shortage of care in the area. When I think about all the sites that we have just walked through, and there's a fair few that we've just discussed, I think about actually the various visits that I do to sites, our villages, our communities, during the year, and you meet people that are dealing with really difficult things personally with their husband or wife, perhaps one has got dementia or health things have changed for them, and they're struggling and the support that they proactively come and tell you about which they receive from our staff is amazing to hear, actually. Of course, lots of people too that are just so relieved to not be at home anymore, to be able to relax and enjoy life.

When I think about all these sites, you can look at them on the screen there and go okay, that's a nice bit of land and a good community, and that's important, but the thing that really motivates us is that our mission is to make sure that the Ryman care philosophy that David has talked about, the culture that's so important to us, is that we're able to get into as many communities as we can so that people can experience life in a Ryman village, and we see that as our mission, really. That's what we must do.

When I reflect on the year that's been, I feel we are building great momentum across the board, whether that be in delivering great care for our residents, developing our team of people, investing in better care systems or really scaling up in Victoria. We've got an amazing opportunity here and a great team of people and we are only just getting started. On a personal note, I feel I owe Kevin a lot. I really want to repay the faith that he has put in me since I joined the Company in 2007. I feel very honoured to continue Kevin's legacy at Ryman and I'm going to strive to preserve the culture that he created at this Company

because it is a privilege to look after older people and I want to continue that culture that Kevin created.

Thank you for your time. I'd like to hand over to Dave Bennett, our CFO, but I should just say that Dave - this is Dave's first year as a CFO of a publicly-listed company and he's doing an absolutely fantastic job. He's got my full confidence. He's a hell of a lot better than the last CFO too, a big step, actually.

If we just perhaps roll over one more slide, just to leave you with a smile on your face before David talks about the numbers, we've been doing a bit of parasailing with our residents at our Jane Mander village. The lady on the left there, Dorothy, guess how old she is. She's parasailing at 250 metres up, being towed behind a boat. She's 100, 100 years old, and her friend Uma is 88. The group we took out on the boat that day had a combined age of 522 years.

I love seeing stuff like that coming through on our internal Yammer network because it's inspiring when you meet people who are making the most of life and really enjoying it and that we're able to do everything we can to make that happen for them. So, thank you very much.

David Bennett: Thank you, Gordy and good morning. I guess it's time for some numbers.

This year, our underlying profit of \$203.5 million is an increase of 14.2% on last year. This means we have quadrupled our underlying profit in the past 10 years. Earnings from our existing villages were the main driver of the result with resale gains being the biggest contributor. Development margin declined slightly because our build was lower. Our reported profit was up 8.8% to \$388.2 million on the back of good trading and valuation gains of \$185 million.

The valuation rose because (1) we added 458 new units to the valuation; (2) prices lifted over the year reflecting strong demand in the housing market; and (3) our valuer lifted our five-year-plus long-term growth rates from 2.8% to 3.4% in the first half.

During the year, we invested \$479 million. This was spent on the following: \$111 million on land, with the land bank lifting 7%; \$296 million building new villages where we will recycle capital; \$27 million on a range of projects, including myRyman, completing the last of our emergency generator program; and \$45 million was invested in upgrading our existing villages.

With such a major investment during the year, our working capital debt has increased to \$1.06 billion. We are in a very strong financial position with total assets of \$5.8 billion and shareholder equity has lifted by 17% to \$1.9 billion. This means both our total assets and our net assets have more than doubled over the past five years.

We've seen a \$100 million increase in our debtors to \$357 million at year end, which is similar to an increase we experienced back in 2015. This is a function of a really strong last quarter and an increase in the average sale price of our new units of \$300,000. Our average sale price for new units lifted from \$440,000 last year to \$740,000 this year. This shows the impact of building in higher-value locations. Our average resale pricing has also increased from \$447,000 to \$516,000.

Our debt to debt plus equity ratio is 35% and consistent with last year. Our debt is productive debt, investing the bulk of it in new villages where we recycle capital, which establishes a tail of recurring cash flows. We continue to have very supporting banking partners; they understand our growth plans and they back us. I have increased our facility to \$1.3 billion and extended our tenor with 75% of our facility now either four or five years. Previously, all of our bank facility had a maturity of three years or less.

Development margin was 19.2%, which is just outside the range we normally target of 20% to 25%. We have previously advised you that Bob Scott with Tony has been a very low-margin site due to its seismic requirements. Without Bob Scott, our margin would have been 22%. Our dollar margin per unit has increased by \$35,000 to \$138,000, which shows again the benefit of building in higher-value locations.

Resales have been the big driver of our earnings this year and the resales bank of gains still to come has increased by \$56 million to \$815 million. The \$815 million of pent-up gains means we can expect our resale earnings to keep on growing, even if the housing market was flat for several years, because volumes increase as villages mature. Deferred management fees also reset to new price levels with each resale, creating a compound effect.

We continue to monitor affordability. Our residents in Auckland and Melbourne free up significant amounts of cash when they move into a Ryman village. Residents moving into an independent unit in a village in Auckland typically free up \$200,000 when they sell their house, and service departments are freeing up nearly \$600,000. In Melbourne this is even greater.

I just want to add to what David and Gordy have mentioned earlier, Kev has left us with a great business model that has stood the test of time. It is a model which is able to recycle capital that creates a growing tail of earnings and doubles profits every five years and continues to reward shareholders with a growing dividend stream from those profits. This year is another example of the model in action. We have invested \$479 million without needing to raise extra capital, our profits increased this year thanks to a growing tail of earnings at existing village where we have already recycled capital. Our underlying profit was over \$200 million, double the \$100 million we reported in 2013, and our dividend has also doubled in line with our growth in profits, grown from \$50 million to \$100 million over the past five years. The model has worked since listing in 1999 when we raised \$25 million. We have now invested \$3.1 billion in our portfolio, paid a growing dividend stream to shareholders of \$690 million and we've never had to raise new capital.

Thank you, and over to David.

David Kerr: Thank you, Gordy and Dave, those were great presentations, really marvellous. Look, an opportunity now for some questions from the floor in the first instance, and if you just would wait for the microphone, that's great.

Unidentified Participant: Thank you, and congratulations on the result. Just a quick question about bank debt. You have just given the growth plans that you took us through during the presentation and there's a number of new villages coming through, can you give us a little bit of a sense of where you see that going in the next 12 months?

David Kerr: Dave, would you like to answer that?

Dave Bennett: The big thing, I guess we've got a significant number of debtors which we will realise over the first half of this year. Our debt will continue to lift as we invest in the new sites but we don't expect it to lift significantly, and the facility we have in place is more than adequate to meet those growth demands.

Gordon MacLeod: I guess the comment I'd make is that the debt we have predominantly is basically construction debt. It's what enables our development. If we stopped developing, and we are not going to, our debt would be - our core debt would be very low.

David Bennett: [Steven], we're going to see some really good cashing up at Campbell Road, at Brandon Park. You're going to see cash coming in at Lynfield and Tropicana. Obviously, the year-end debtors coming through, resales are lifting, so generally earnings

are lifting. Of course, you get the kicker of the bonds coming through at Brandon Park as well, which we wouldn't normally see at a New Zealand site.

So the model and action of sites and progress starting to deliver cash in, while new ones like, say, getting going at Burwood East and Geelong and Coburg and so on, that sort of recycling of capital model was very much what we have in mind.

Unidentified Participant: (Analyst) Just in terms of where the land bank sits at the moment, 4200 units, do you see that increasing in the next 12 months or perhaps at a slightly faster pace than it has in the last year?

Gordon MacLeod: That's just the New Zealand one, isn't it?

David Bennett: That would just be the units without the care, I assume.

[Over speaking]

Gordon MacLeod: Yes. Okay. Yes. I don't really sort of think about it like that, I suppose, with - it's about 6000, isn't it, with the land.

David Bennett: Yes.

Gordon MacLeod: Yes. The land bank is about 6000 units and beds. In New Zealand it's adequate for the sort of rollout that we're doing, around about 800 beds in units per annum, a couple of villages opening a year. We will just continue to add to that. The Melbourne one, Steven, is that we will want to lift that over time, so really the Melbourne land bank numbers should fairly be similar-ish to New Zealand in the next couple of years. Yes.

Unidentified Participant: (Analyst) Gordon, you talked a little bit about some learnings you've had in Australia...

Gordon MacLeod: Yes.

Unidentified Participant: (Analyst) ...and some slight tweaks to strategy. Are there other learnings you've had during the Brandon Park development process and your other site development processes and you've made a few tweaks to the go forward plan?

Gordon MacLeod: Yes. Look, probably something we would have started much earlier at Brandon Park, had we known more, is that the construction team would have been more engaged with the local council about how to get the building drawings endorsed, so that we could start work faster on the site. So we were ready to go, but they have to basically

stamp the whole plan, and obviously it's a large scale development. Some of the - it's not a criticism of the councils at all, but just some of the councils - what we do can be quite a large scale development and if we're doing stuff in a suburban area, so it's good to start an earlier dialogue about how that's going to be handled. We've certainly started doing that at other sites now.

[David Bennett]: The other thing is, of course, that we're quite active in community consultation, which we didn't used to pay as much attention to earlier years, whereas we see that as being really important to get the community onside with us, so that the opposition to the village doesn't rise and so that people understand that we want to be good citizens in their community. So that takes time.

Gordon MacLeod: Yes. So, I mean, the Coburg consent process was a great example, actually. I sort of hopped in on that on the promise that I wouldn't say anything to that meeting. It was really interesting actually. All of the key people there, all of the councillors, the neighbours, even some of the neighbours who perhaps weren't that enamoured with us were very civil to Andrew and the team. It was clear they had been having good discussions and we had heard people's concerns. We had actually made a number of changes to the scheme to take into account community feedback. So that sort of pre-consultation before we finalise plans is really, really important.

So we've got two lots of consultation teams ready, one with Debbie; she has got community relations teams, where they're looking to build on the ground, build our people's awareness of what Ryman and what Ryman is bringing to the community. Longer term, some of those people will become sales advisors. Then in Andrew's area, they're obviously consulting earlier with councillors and neighbours and that sort of thing and having more drop in days and so on. Yes.

Unidentified Participant: (Analyst) Just maybe one last one from me before I give someone else a turn, the new government in New Zealand has got a lot of reviews going on, some of which affect your sector. Just wondering if you had any comments that you can share with us in terms of your expectations of any potential changes in the regulatory framework for the aged care side of the business, in particular, or the funding side, and any comments you could make on the new impact from the wage equality settlement that's already come through where there was an impact in the second half and going into next year.

Gordon MacLeod: Yes. Look, the reality is I think it's understood by all sides, government and operators, that the equal pay settlement, which has a schedule of pay going out five years agreed by the - between the Crown and the unions, is one which will be fully funded by the government and the sector will contribute research and statistical data to show what the appropriate amount is, so that the sector is no worse off for a settlement which was reached between the Crown and the workforce. So there is a clear expectation that that is fully funded. The extent of any relativity adjustments will be something that the sector will discuss with the government, I am sure.

I believe that yesterday there wasn't clarity in the detail of the budget around what the funding envelope is for aged care in New Zealand from 1 July, but that that will be worked through over - again over the next two or three weeks. It will be a negotiation of some sort. I suspect though that when you read articles like what's happening in Middlemore Hospital, that really people in government understand that the sector provides an incredibly important resource for the health infrastructure of New Zealand. The recent data from interRAI, which is the international assessment tool used throughout New Zealand, shows that the health outcomes achieved in aged care for social isolation, loneliness and also pain medication substantially improve when people enter into an aged care facility.

So from a government point of view, they are getting at actually a very, very good price great health outcomes from what the sector does and with no capital expenditure exposure like exists in a public hospital and most public hospitals are at capacity, as you know. So I think that the way that the government or any government looks at the aged care sector is generally one of course with a natural tension around standards and the funding and stuff. But overall I would say that the government would see aged care as being a very positive part of the mainstream health outcomes for people, for older people.

Unidentified Participant: (Analyst) Thank you.

Unidentified Participant: (Analyst) Hi. Gordon, just following on from that, do you think you or and the industry at large makes enough of the fact that every new unit you bring on board in the retirement village sector is equivalent to building a house just for the general housing market? But I don't hear that publicity from industry players and it seems like a very popular or - you know, it seems like in addition to the health benefits you bring, it seems like there's an additional benefit.

Gordon MacLeod: Yes. Well, that's certainly very right, Ross, and we do talk with ministers about that. We've met with the Minister of Housing, Phil Twyford, and discussed those very points, because obviously they've got challenging build targets in relation to KiwiBuild, particularly in Auckland. It's important that people understand that when we build a village like in Devonport that that's going to free up 500 homes in the Devonport area where younger people can come in and use pre-existing infrastructure in the form of schools and stormwater and roading and libraries and we create the perfect tailor made environment for older people to really enjoy and get the health and care and companionship that they need, so it's a win-win.

You're almost building two units for the price of one when we do it and so we are actually explaining that sort of stuff quite carefully to regulators and officials. Yes.

David Kerr: Quite typically, these homes will be three bedroom homes, which - of which one bedroom is being used and the bus stop will be outside, so it's set to actually address some significant housing shortages that exists in Auckland. It makes a big difference.

Gordon MacLeod: Yes. We're part of the housing solution.

David Bennett: Yes.

Gordon MacLeod: Yes.

David Bennett: That's what we say. [Ari].

Unidentified Participant: (Analyst) Morning. Yes. First question just on the project CapEx over the last couple of years, I think it's just over \$60 million, and I notice you've got about \$20 million of intangibles, so myRyman has clearly been a significant amount. Can you just talk about the other key components of that \$60 million of project CapEx over the last couple of years. With myRyman coming to an end - the generator project, I think, is in there as well - what your guidance would be for the project CapEx level of investment over the next couple of years.

Gordon MacLeod: Yes. The other part - you're right, Ari. It's myRyman has been a big part of that over the last two or three years. It has been a really significant investment for the company. Obviously generators have been a big investment for the company too. Did you know...

[Over speaking]

Gordon MacLeod: Did you know that since we've put them in - I'm sure you haven't set me up for a live question to link into this, but I can't help it. That since we've put them in, our generators have fired up 150 times due to power grid failures - isn't that amazing - up and down the country. In Auckland, you know when you had that night with category 2 hurricanes? Five of our Auckland villages all went on to generator that evening. I was getting text messages through my emergency app going ping, Bruce McLaren's on; ping, Edmund Hillary's on; ping, Hilda Ross is on. It even went on at Christchurch, so it was certainly money well spent. We've also had some - I guess some one-off CapEx, in many ways.

At Malvina Major, we've had to do a pretty significant refurbishment and redo the - obviously post-earthquake and with some of the sort of water tightness issues at that village. Also, we've had some work that's still ongoing down at Frances Hodgkins regarding stability of the - just doing things like soil nailing into the cliff there, just to keep it nice and tidy. Dave, what would you add to that?

David Bennett: Well, there's also a further IT spend as well, at the moment, at Ryman is software aspect of that, but we're also rolling out a significant amount of tablets and IT infrastructure across our villages to support that. So that has been a big investment as well. We have to have wi-fi networks reliable right throughout so we've invested very heavily in the IT infrastructure.

Gordon MacLeod: In terms of guidance, probably the best answer for you, [Ari], is that it should be this, actually. It should be this, because we have broken the back of the myRyman spend. We were - I mean, going into the end of December last, we were doing \$500,000 a month for some of our external consultants. That's dropped to zero, because they're gone. So - and we've then sourced the team to a team of 16 developers, so that's changed it a lot. So we're working hard on actually reducing that sort of ongoing nature of that.

Unidentified Participant: (Analyst) Just going back to the debt question, and I think you mentioned the receivables, which should be coming in in the next six months or so, as Greenlane obviously settles in that. You mentioned the uptick in debtors in ['15], which is \$100 million, and it continued to increase from there and increased about \$100 million this year. So are you suggesting then that what we're going to see from this point is a release of those debtors and that you would actually expect them to be less this time next year?

Gordon MacLeod: That could be the case. But, I mean, again, if we had an absolute cracker in the last quarter of next year, which is - but we actually don't know with things like resales what that could be. But given the way that just the new build landed at the end and that sort of thing, it could be less.

Unidentified Participant: (Analyst) Predominately it has been over four years it has been accumulating up and up and up.

Gordon MacLeod: Yes.

Unidentified Participant: (Analyst) Do you think there will be a release from debtors or do you think it will keep accumulating?

David Bennett: It's a function of the build in that final quarter as well. So obviously all the residents don't move in on one day, so it just depends on our build program, if we can bring that forward, so we're not doing as much in the second half and last quarter and spread it more evenly over the year, then it's...

Gordon MacLeod: It's probably very hard to say just because of the time in the build program, [Ari], but it could be this.

Unidentified Participant: (Analyst) Yes.

Gordon MacLeod: Yes.

Unidentified Participant: (Analyst) I understand. No, that's cool. Look, I think that's from me - that's - just on Brandon Park, did you recognise 42 units...

Gordon MacLeod: Yes.

Unidentified Participant: (Analyst) Yes. Great. Cool.

Gordon MacLeod: Yes, we did. Yes.

Unidentified Participant: (Analyst) Good. Thank you.

Gordon MacLeod: Thank, Ari.

David Bennett: Thanks, Ari.

Unidentified Participant: (Analyst) Morning, guys. Just a quick question around Brandon Park. The - what are you expecting for the price of the [bed] bonds and/or accommodation bonds and also what kind of percentage of the stock do you think would be on bonds? Then just lastly, how do you think around the risk around getting licences

for the beds in Melbourne and for the new development? How do you kind of manage that and think about that outcome?

Gordon MacLeod: Yes. Should I do the licenses and you do the pricing?

Gordon MacLeod: Yes. Okay. So in relation - hello, Jeremy. In relation to the licensing - so there's an active market for bond licensing. We allow for that in the feasibilities when we do all of our sites, in the event that we don't get free licenses during a thing called an ACAR round, which is the Aged Care Allocation Round, which happens once a year. The next one is coming up fairly soon, isn't it?

David Bennett: Yes.

Gordon MacLeod: So with Brandon Park, we've already got roughly about 120, isn't it, 118 to be precise, beds for that. So that's plenty of beds there for the next 18 months. We will apply in the next ACAR round, because ideally we would like to get obviously free additional beds there. I suspect that one of the things that has been a bit of a hold up for us is once we got that initial allocation, the reality is we hadn't actually started work there for quite some over the last two or three years when we were applying.

Now that we are well underway, I suspect our application will be seen in a different light. We've also been having better engagement with the Department of Health and Aging or DoHA, as it's called there - have actually visited our Weary Dunlop facility and see the kind of health and clinical outcomes that we're getting.

So - however, if that did not work for some reason, then there is a market for licences and we would just simply acquire on-market.

David Bennett: In regards to the pricing, well, it will be similarly [unclear] to Weary Dunlop nationally. Obviously, there is a restriction. You can apply to the Pricing Commissioner to go above the \$550,000. Initially, we won't do that, because for us getting the residents in and filling what is a large scale care centre is probably the most important thing. But then we can look to lift the prices in the future years. In terms of uptake, we would expect similar levels again to Weary Dunlop, so...

Unidentified Participant: (Analyst) What's the mix there?

David Bennett: It's about 75%, 80% of them pay a bond of some combination, so obviously some are full bond and some are a combination. So if you - I think there are

about \$25 million of aged care bonds there. You divide that over the 82 rooms. It gives you an average per room and we would expect a similar level.

Unidentified Participant: (Analyst) Yep. Great. Thanks, guys.

Gordon MacLeod: Thanks, Jeremy. Shall we move to any questions from people on the telephone conference call line.

Operator: Thank you. If you wish to ask a question, please press star-1 on your telephone and wait for your name to be announced. If you wish to cancel your request, please press star-2. If you are on a speaker phone, please pick up the handset to ask your question. Your first question comes from the line of Tony Sherlock from Morningstar. Please go ahead.

Tony Sherlock: (Morningstar, Analyst) Good morning, gentlemen.

Gordon MacLeod: Hi, Tony.

Tony Sherlock: (Morningstar, Analyst) I've just got a quick question on the resident average age and tenure in Australia or in the Melbourne area as distinct from New Zealand. So on slide 50 of the presentation, appendix 13, you've outlined the different ages of your portfolio, which is obviously heavily skewed to New Zealand. Can you describe the difference in Melbourne as distinct from what you're seeing in New Zealand?

David Bennett: Yes. The resident age on entering is very similar.

Gordon MacLeod: Yes.

David Bennett: Obviously, we - the village is still relatively new, so we don't know the long term tenure, but everything is pointing to it being a very similar mix.

Gordon MacLeod: Yes. I've been to Weary Dunlop probably two or three times this year, Tony, and spent quite a bit of time with residents, and it is actually extraordinary how similar just the general feel of people and the mixes to New Zealand. I'd possibly even - I'd maybe even guess in some places - in some ways they're slightly older. The care centre, some of the residents probably have slightly lower acuity than what we might see in New Zealand would be one other observation. Not - you know, obviously not all, but some.

Tony Sherlock: (Morningstar, Analyst) I think it was just more the average tenure of 4.8 years for vacated residents for the independent, which is obviously considerably lower than

what some of the ILUs in Australia would be at, so I'm just wondering - so your villages are attracting residents that are nearly five years older than many of the established Australian players. Is that right?

Gordon MacLeod: It could well be, because some of the established Australian players talk about attracting people in their early seventies and we tend to be more late seventies and beyond independent living and then up from there. Of course, because of the age of Weary Dunlop, any independent living residents who do leave will, by default, be shorter tenure, so I guess we will just have to see the maturity of the villages that it just changes over time.

Tony Sherlock: (Morningstar, Analyst) Okay, that's fine. Just on the care fees per bed, they were up quite considerably. Is that just purely a parcel of costs? I think it went from nearly \$70,000 to circa \$80,000 per bed.

David Bennett: Yes. So that's a function of the villages we opened at the back end of last year have been open for the full year this year. But also the government funding increase, as a result of the equal pay has also lifted the care fees that we collect per bed.

Gordon MacLeod: Yes. That would be the biggest driver Dave, yes.

[Over speaking]

Gordon MacLeod: But all of that got spent.

Tony Sherlock: (Morningstar, Analyst) That's fine. I saw your margin in that area pretty much flat, so...

Gordon MacLeod: Yes.

Tony Sherlock: (Morningstar, Analyst) ...that would explain it. Just on the - and this is the last question - slide 45, appendix A, I notice you use a higher discount rate in Melbourne, but you've also got a higher dwelling price or appreciation rate going forward. I'm just wondering why that is the case.

Gordon MacLeod: First of all, we don't do that. Our external valuer does that and I - one of the reasons is, I would imagine, is that the - we have one village only in Melbourne at the moment and so perhaps I think they're just being a wee bit sensitive, a wee bit more conservative on the discount rate for now. Initially in New Zealand, villages like Edmund Hillary had a discount rate of 14% applied, so it's consistent in that way and then it reduced once it became more mature. Then the house price assumptions going forward,



really their macroeconomic view for the state of Victoria, which is their inhouse view, so we don't really have a comment on that actually.

Tony Sherlock: (Morningstar, Analyst) Okay. Just on the actual price that you're selling the Brandon Park units at, how much have they differed from your feasibility going?

Gordon MacLeod: They're up massively. The feasibility feels so long ago, Tony. I actually can't remember. We're talking quite a few years ago now. But they'd be up a few - a couple of - \$200,000 or \$300,000, yes.

Tony Sherlock: (Morningstar, Analyst) Okay. That's...

Gordon MacLeod: Yes, it's a lot.

Tony Sherlock: (Morningstar, Analyst) So your sales rate of those units, you've only - can you just refresh me as to the number that you've actually sold and the number that are coming through maybe next year?

Gordon MacLeod: We have presold \$65 million worth.

Tony Sherlock: (Morningstar, Analyst) Okay.

Gordon MacLeod: Hopefully by this time next year we would have sold a lot more. That's the goal.

Tony Sherlock: (Morningstar, Analyst) Now, you've taken - what have you - so presold, have you taken that through the accounts yet or you take it on settlement?

Gordon MacLeod: Some of it is in the accounts in the form of near completion, but not all of it. There's still - well, most of it. Most of it actually not.

Tony Sherlock: (Morningstar, Analyst) Then the amount, just the order of magnitude, to come through next year?

Gordon MacLeod: We'd be giving a forecast for an individual village, Tony, which we just don't do.

Tony Sherlock: (Morningstar, Analyst) Okay. Thank you very much.

David Bennett: Thank you.

Gordon MacLeod: Thanks, Tony.

Operator: Thank you. There are no further questions at this time. I will now hand back to Dr Kerr for closing remarks.

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David Kerr: Thank you. Look, thank you for joining us. Why don't we have a cup of tea and a chat and have some informal discussion. But thank you again for coming and thank you for the questions.

David Bennett: Thank you.

End of Transcript