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David Kerr: Morena, tena koutou katoa, good morning everyone and welcome to Ryman Healthcare's Full Year Results presentation. My name is David Kerr and sitting beside me is Gordy MacLeod, our Chief Executive and then beyond him of course David Bennett, our Chief Financial Officer. So, thank you to everyone who's made it along this morning.

It's a special morning actually this morning, because we've been joined by Kevin and Jo Hickman, so Kevin was a cofounder of the company, and recently retired as a Director. Critically what Kev did, was he set the ship on its course, he established those core values which have been with us for 30 something years, and he has enabled us to operate in the way that we have, constantly focusing on those values.

So, Kev you'll be pleased to hear that things are unchanged, they're still firmly in our DNA, those original values. Also joined by Geoff Cumming, so Geoff welcome. Geoff is a Director of Ryman, has been for a little over a year, and Geoff has been a long-term investor in the company, and has had a long-term interest in how we go. In fact, he re-joined the board, having been on the board just immediately after the IPO, so that's just on 20 years ago. He's really proven to be of great value in his role as the Director.

Finally, I should just acknowledge Andrew Clements, Clem, great to see you also. Clem was a Ryman Director for probably a decade, and has had an active interest and active result in terms of moulding the company in to what it is. So, welcome everybody, but welcome specifically to those three. So, this morning's format, includes an overview from myself, followed by presentations from firstly Gordy and then from David.

I am here to talk about the investments we've made and our residents, our team and striving for clinical excellence. Gordy will then talk through the operational highlights and about the momentum that we're gaining in Victoria and in New Zealand. David will then give you some greater detail on the financial results. The end of the presentation, we anticipate opening the session up for questions from the floor, and following that, we'll take questions from any callers who are on the conference call line.

At that time, we'll bring you round a microphone, for any questions in the room, so that you're easily heard. It's also important that people on the webcast can hear you clearly. So, for those of you listening on the phone, or on the phone conference, the operator will advise you when you can ask a question, and we anticipate wrapping up in around an hour's time.

So, our results today reflect a solid year, given the current trading environment, which has included some challenging market conditions. The headline numbers were, that the audited underlying profit, rose 11.5% to \$227 million. The reported or IFRS profit, which includes of course the unrealised valuations, declined 16% to \$326 million.

The 2018 Full Year Result was boosted by changes to the independent valuation assumptions. But there were no significant changes to the assumptions in the 2019 year. Full year dividend has been lifted to \$0.227 per share, in line with the growth in the underlying profit. Payment will be on 21 June, with a record date of 7 June. Our net assets have reached \$2.17 billion, up from \$1.94 billion, and importantly our operating cashflows, rose 15% to \$401.4 million.

With cash receipts from residents, exceeding \$1 billion for the first time. This has allowed us to invest a record \$552 million in new and existing villages during the year. Up from an investment last year of \$478 million. Our underlying profit of \$227 million, reflects how the company has actually been trading, and is used to determine the dividend. The result came within the \$223 million to \$238 million range that we set at the half year result briefing, and so is in line with market consensus.

Our medium-term target, continues to be a doubling of our profit every 5 years. This of course translates to our increasing the underlying profit, by approximately 15% each year over the medium term. We fell short of this for two reasons. Firstly, we took some longer-term strategic decisions to reinvest in the business, which we believe will help the performance in coming years.

Secondly, resale volumes were flat. As you know it's hard to predict the number of resales we get in the short term, but we'd expect volumes to grow in the medium term, with the portfolio's growth. As a company, we're very focused on growth, but not interested in compromising on our core values of ensuring that resident care has absolute priority. We think it's a solid result, given the decline in the Melbourne housing market, and a cooling off in the New Zealand market, particularly here in Auckland.

Despite these developments, our villages remain in demand during the year. Occupancy at our established care centres, was at 97%. While the resales were flat, we sold almost all our stock that came up, which we take as a positive sign, that our villages are hitting the mark. As at 31 March, we had only 1% of our resale stock unsold. Our build rate during the year lifted by 42%, and we have 20 new villages, either in development or in our land bank, which gives us a great platform for growth in the years ahead.

Ryman Healthcare Annual Results Briefing

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Ryman's a company with a wonderful purpose, to care for older people. We build and operate vibrant retirement communities, with excellent care available. The care we provide, in Kevin's words, have to be good enough for mum. We've been doing this now for 35 years, and we have a sustainable business model, that is highly efficient at recycling capital, so that we can continue to build and grow.

Our villages are built to be sustainable. We are the long-term owners, so we ensure that they're built to the highest standards. Our villages are an extraordinarily efficient use of land, when you compare that to a conventional subdivision. We've got a program of work to make them even more environmentally sustainable. We've measured our carbon footprint, and we're working on ways to reduce our impact by saving on energy consumption, and waste within each village.

We'll be trialling solar powered town houses and we've installed an electric car charging network here in Auckland. We've introduced electric cars in to our fleet, we're currently trialling a pilot eCab service, and a car sharing service at three villages, using low emission vehicles. This means our residents will have access to our own version of an uber service, with a driver and car at their disposal for appointments. The car share service, means each village will also have a car available for resident's day trips.

At a point when loneliness is being described as the world's next epidemic, we think our villages are a great antidote. Our team does its best to make them as vibrant as possible, with great food, exercise classes, and a wide range of social activities. We think it's hard to be lonely if you're surrounded by a caring, like minded community, and an array of activities to choose from.

It's our mission, to bring as many Ryman villages as we can, to as many places in New Zealand and Victoria. To do this, we need to be profitable, and we believe that both purpose and profits are good companions to each other. Our most critical act, is of course our people, so you'll be pleased to hear that we've invested heavily in our team. During the year we took a strategic decision to act quickly on registered nurse pay in New Zealand, to ensure that we were ahead of the rest of the industry.

So, we immediately matched the pay rates being offered to DHB nurses. That decision, which was worth \$5 million a year, has kept us ahead of the curve, and I believe as a result, we have an extremely loyal team. We've taken the decision to increase pay again across the board, and from July, the minimum adult hourly rate at our New Zealand villages, will lift to \$20 per hour.

We've also invested in developing our people, we're establishing the Ryman Academy, to develop our staff in conjunction with a number of excellent education providers, including the Melbourne Business School, who will provide world class development courses, and support for our senior leaders. We are also working with other trading establishments and universities, to provide additional courses for other members of the team.

Our lead energise and perform, or LEAP leadership program, is now well in to its second year, and 280 of our leaders have been participating. We've refined and developed the course and are launching LEAP 2.0. Initiatives such as the LEAP program and the Ryman Academy, recognise that there's more than just pay to work, and we know our team want to build their careers and gain expertise with us.

Our programs are all built around coaching, mentoring and problem solving in the workplace. People learn by doing, a bit like swimming. You cannot learn from a book; you've got to get in the water. Having a career path at a company with purpose and a strong future, makes for a highly engaged workforce, and our latest team survey, showed engagement at a record level for us.

Our aim, is to be the employer of choice in a competitive market, and clearly our residents will continue to benefit, from being cared for by professional, stable, engaged and well prepared and trained teams. We think the world of our team and so do our residents, and we will continue to invest in them. We'd not be a success without those highly engaged teams, so we're delighted to learn recently, that we've been named the most trusted brand, in the aged care and retirement sector for a fifth time.

We've won it five out of six years, that it's been made in New Zealand. Then last week, MyRyman, won a best innovation award, at the Asia Pacific Eldercare Innovation Awards in Singapore. We've talked about MyRyman before with you, and MyRyman's been a significant investment. So, it was great to get international recognition for the work. Our pursuit of clinical excellence has continued. We've added a medications advisory committee, which includes respected geriatricians, a specialist pharmacist, and a health quality and safety commission representative.

The aim of this, is to better understand how medications are affecting the people they're meant to help, and to make sure that medications are appropriate. We've also taken on a specialist medical researcher, to analyse the data that we gather at MyRyman. It's proven to be a treasure trove of insights in to the health challenges that our older residents experience, effectively closing the loop between the visiting doctors and the health

outcomes that everybody seeks.

We couldn't have done that without MyRyman. A significant project during the year, involved a refresh of our approach to dementia care. We've been providing dementia care for over 20 years, and it is a cornerstone of our care offering. We currently have 840 dementia beds, and have 660 more in the [development pipeline]. We'll be rolling out a program called MyRyman Life, which is a new approach to dementia care during this coming year.

The approach supports the person suffering from dementia, to be happy in the moment, in the best environment possible. We've also introduced our first telehealth clinics during the year, which use technology to connect our clinical teams across the Ryman villages, so that specialist advice is more easily obtained. The wide range of investments that we have made over the past five years in clinical improvements and from the introduction of myRyman are really delivering results.

In July 2017 we had 11 villages with four year certification from the Ministry of Health. As of today we have 25 villages with four year certification, and this is generally regarded as the gold standard in quality measurement. In fact, Logan Campbell, which is our latest fully operational village here in Auckland, received four year certification in its very first audit. Normally new villages are given shorter terms so that the auditors can see how things [better]. We think that is an extraordinary achievement.

I've talked a lot about clinical innovation, which is always a focus, but I think it's important to note that we also are putting a lot of effort into lifting the bar for the independent residents. We have more than 7,500 independent residents and our operations team has been busy working on a number of initiatives and enhancing their quality of life. So we have called this Ryman Delight.

For many of our residents cooking has become a bit of a chore, so we've taken our Project Delicious recipes, turned them into ready to eat meals for our independent residents. They can buy them from us, heat them and eat them at home, taking the pain out of cooking. We've introduced a new hosting service aimed at making the village centres more of a destination in the evenings. Residents, their families and friends can enjoy bar snacks and a drink with their friends in our village lounge.

Our residents love films, so we thought we could make more of the movie theatre. So we've introduced new films and later session times so they can enjoy a night at the movies after meeting for a drink and something to eat. A number of years ago we introduced a

Ryman Benefits card which provides discounts for our team with more than 50 of our various suppliers.

We think our residents should be able to share the benefits as well and we will be providing Benefit cards for them with similar discounts. Cards mean that the residents and team can make the most of our buying power and our suppliers are more than happy to be part of the Ryman community.

[Keeping] our existing villages are up to date and in great condition is a further area of investment during the year. We have 36 villages in operation now and that's a large scale property portfolio to care for. We've got a team of specialists dedicated to looking after our existing facilities management and refurbishment program.

It's important we meet our promise at all the sites and I recently visited Woodcote Village in Christchurch, one of Kev's very first villages, and also the Rowena Jackson Village in Invercargill and I was really delighted to see each of them was in great shape, strong occupancy and that they were villages of which we can continue to feel proud.

The momentum that the Company has built up is very significant. We've talked about five villages open in Victoria by the end of 2020 and that target continues to be realistic. We acquired six sites during the year, including three in Victoria, where we now have a total of 10 sites. At this moment we have 20 sites under construction or in the planning and design stages and Gordy is going to talk you through those in just a moment.

Finally, you are all aware of the demographics that provides the backdrop for our growth plan. So this first slide shows you the current demographics which have driven our growth to date. The second slide shows the growth over the next 30 years. These demographics underpin everything we do. We listed on the NZX almost 20 years ago knowing the potential of these demographics.

Now it's my pleasure to hand over to Gordy to talk to you in more detail. Thank you.

Gordon MacLeod: Good morning, everyone. Thanks, David. Nice to see so many faces here and there's lots of people watching online as well. There's all the people back in the office and around the country. I just want to say hi to everybody. David spoke about myRyman earlier and I just wanted to acknowledge the huge amount of work of my predecessor, Simon Challies, put into myRyman.

He put countless hours into it and it was real labour of love for him and so I'm delighted that it has been such a great tool for us and, of course, a huge team effort over the last

two or three years to actually make it operational. Most likely roll out [unclear] pretty quickly and so to deploy thousands of service providers to aged care rooms around New Zealand and Australia and for the whole infrastructure to work really well and, most importantly, for our clinicians and caregivers and nurses and residents get the best out of it. So it's a wonderful achievement for the whole team, so I just wanted to acknowledge that upfront.

So David has outlined some pretty remarkable achievements during the year from the team and it's pretty humbling actually because you review the things that are going on and you're very aware that all of the efforts that people make are huge personal efforts on behalf of us and our residents. I'm also incredibly excited about what lies ahead and how we're going to grow. So we've gathered a huge amount of momentum in our build rate and that lifted 42% during the year to 757 beds in units and I think that those of you who read the paper will know that that means that we beat KiwiBuild. Anyway, I didn't really say that.

So all going well with some development applications we're expecting to have work underway on 12 sites in the coming year and we're about to move into our biggest ever build program. Our land bank now totals more than 7,000 beds in units and 40% of these are consented.

This means we have not only got great quality sites; we're getting better at turning them into villages ready for sale to meet the demand ahead. As David mentioned, we encountered some headwinds during the year and Melbourne would have seen the housing market come [back] about 10% from its highs and there's been a cooling in the wider Auckland market with volumes down 18%.

It's probably fair to say that just about every paper you read for the last 365 days has had a negative story about the property market printed [unclear] on both sides of the Tasman. The aged care sector in Australia has come under intense scrutiny from the Royal Commission into aged care. We made a submission on behalf of Ryman to the Royal Commission on ways that we see of improving the system and we think that overall anything that is going to result in better care for our older people and the way it's delivered has got to be a good thing.

We opened our second Melbourne village during the year and it's now home to close to 200 residents in independent living and care. The village was opened a few weeks ago by Lord Samuel Vestey, an English peer who was the great-grandson of Dame Nellie. I

haven't done very many speeches with lords. He was a lovely chap and he took a huge amount of interest in the village and really trying to understand how we worked.

He told us that he had thought long and hard before lending such a treasured family name to us for the village and he told me at the end of the evening that he had talked to about 70 residents about how they were finding life in the village and for those of you who have been to England there's nothing like this in England, so he really intrigued and he couldn't believe how happy everybody was.

To me, that says it all and I got the same feedback during the night too. So you know that our centre is always going to be defined by whether we make people happy and it gives me a lot of comfort when you get on the ground feedback from people that we're doing a good job.

What is even better is that the team has already identified things that we could do better and, of course, you can imagine that our residents have also shared with us ideas about things we could do better too. You can see from the slides how much progress we've made at Nellie Melba over the past 18 months. Have a look at this. I'll go back to the bare land. So that was - it doesn't seem that long ago [unclear] I have to say. Then we'll [skip] forward. Amazing effort, eh, in 18 months. So they've done a superb job.

We are conscious though that it took a lot longer than we bargained for to get Nellie Melba open and by that I mean the timeframe from buying the land to getting it consented and getting going. We've learnt a lot. We're our own worst critics, as you would hope and expect, and that is how we get better.

So when I'm over in Melbourne talking to residents you get great market intelligence on the ground and the main impact that I can see of the Royal Commission and also the bad press from the retirement village sector the year before is that the residents moving in with us have done a significant amount of due diligence.

The industry is under a spotlight and the residents and their families are well informed and they're pleased with the standard they see in us. They like our apartments, they like our terms, they like the reassurance of having the care on the same site, and that's rare in Australia, and quite a few residents told me on that night that they had looked all around the area and they could not find anything like Nellie Melba. For them it was very special.

We also did a recruitment night last week. We got 230 people to introduce caregiving/nurse opportunities for the village. It was a great turnout and people were just

blown away by what they saw.

So we've added three sites in Victoria during the year, taking us to a total of 10, including two villages already open. We told you about Aberfeldie and Ocean Grove at half year and just to remind the non-Melburnians amongst us, Aberfeldie is an inner Melbourne site, not far from the CBD in an extremely good area with a shortage of retirement living options of aged care.

Ocean Grove, which you can see on the screen, is on the Bellarine Peninsula, just down the road from Geelong and is an exciting prospect and it looks pretty good, doesn't it? Looks like a pretty good place to live and I can tell you that it's a beautiful place to drive around and walk around.

We've recently completed the purchase of a new 2.2 hectare site at Ringwood East. That is our third for the year in Victoria. The site is close to the Eastland shopping centre and is in Melbourne's greenbelt bordered by Ringwood Lake Park. Eastland has got a David Jones, which I'll well informed means that it's pretty good for shopaholics and it is an amazing mall actually. It's really beautiful. Ringwood East has everything we look for; a good size retired population and a shortage of quality retired living options, and we think it is [a great site].

Last week we hosted a smoking ceremony with the traditional custodians of the land at our Burwood East site. You can see that happening on the left there. This March we started work on the 2.5 hectare site, which is our third cab off the rank in Melbourne. We've also received development approval for our Highton site in Geelong and we'll be underway there soon.

Negotiations with the council it's fair to say took a bit longer than we had hoped and we're targeting to get underway as soon as possible once the plans go through the formal endorsement process with the council.

We've carried out some early site works at Coburg and we've got development approval application in for Aberfeldie. There's a picture of Aberfeldie just to the right there where it's located. We're probably likely to shuffle the Aberfeldie site ahead of Coburg at this stage.

Aberfeldie is a shorter build and will allow us to get a beachhead in that part of Melbourne much faster, which will pave the way for Coburg, which is about a 15-20 minute drive [away]. We're well on the way to have five villages open in Victoria by the end of 2020

and our Melbourne development and construction team, they are fired up. I can tell you that.

We've been busy in New Zealand too. You can see the construction team have made great progress with our Lynfield, Hamilton and Devonport villages. We've recently welcomed our first residents at each of these villages.

In the montage of photos, you can see Judy, she's in the bottom right, who has moved into our William Sanders village. I love her story. She got these removal people to help her out so she decided, I'll just go to my Tai Chi class anyway in the morning. So she did Tai Chi in the morning while people were moving her into her house and she said that she arrived into her new apartment in a Zen-like state, which is pretty unusual for a move-in.

Clifford and Gillian moved into Linda Jones only from about two minutes down the road actually at our Hamilton village. They're just on the bottom left hand side there. They were pretty excited. They roped their grandsons into helping them shift and we were also delighted to have Linda Jones herself over from Queensland to launch the name in her honour. You tend to get a bit star struck actually, when you meet someone like Linda Jones and all the things that she's achieved and she really enjoyed it. One of the interesting things that she did, I guess that's maybe one of the reasons why she's very successful, is she mystery shopped us, so just to make sure that everything was in order and thankfully we did a good job, so that was good.

Our awesome land bank has been boosted by the acquisition of a new site in Kohimarama. It is a 3.1 hectare site in a premier area and we're working on plans for a village for more than 300 residents. In addition, we've purchased a medical centre next door to our Grace Joel village in St Helliers. We've no immediate plans to develop the site, but it's an important strategic deal for us.

We've also bought two new villages in Christchurch, new sites I should say. The first is a five-hectare site next door to Riccarton Racecourse with views overlooking the tracks, the foothills and the mighty Southern Alps. It will provide us with a village amidst some prime suburbs with ageing populations and fits nicely into our existing portfolio of Christchurch villages.

We've also purchased Bishopspark village from Anglican Care. The 1.2 hectare site is a short distance from our existing Park Terrace site and looks across Hagley Park in the heart of Christchurch. We're going to take on the obligation for Bishopspark's existing residents and we are reviewing plans to redevelop those sites as one village.

The combination of the sites right on Hagley Park, overlooking the Avon, makes an exciting prospect and I'm going to put my name down for an apartment for later on in life, although David might have already beaten me to it and a few of our ex-directors as well. Both Christchurch sites are still subject to overseas investment office approval which we hope to receive shortly.

I'm also pleased to let you know that we've just received in the last, when was it, Monday - on Monday we received resource consent for our Havelock North village and so we're gearing up to get underway there as well. We're also underway at Lincoln Road in Auckland. Gosh, that was a lot, wasn't it, future of all those sites. In total we expect to have 12 large construction projects underway in the coming year and as I've said, we're moving into our biggest ever build program.

I'd just like to acknowledge Andrew Mitchell who has headed our development team for 12 years, who's moving into a consulting role with us. It's great that Jeremy Moore, who has been with us for seven years in the development team working with Andrew has stepped into lead the team.

On March 15 this year we placed all of our Christchurch villages and head office into lockdown after we learnt a gunman was on the loose near Hagley Park. Our Margaret Stoddart village, which is where my nana lived, is a short distance from the Al Noor mosque and while none of our team were caught up directly in the attacks, we had a number of people affected throughout the country through friends, family and relatives.

The response from our team was extraordinary. A whole lot of people went the extra mile to ensure our residents were safe and comfortable as the events unfolded and it was really heart-warming for me to go around our villages that weekend to see the extra effort the staff were putting in to residents who surely never expected to see such a thing in their city. Our Ryman family came together after that to raise \$100,000 for the victims and families of the worst terrorist attack on our shore. We were humbled and proud of the response.

We've also stepped up our community engagement during the year and a great example of this has been our relationship with the Stroke Foundation. We've helped deliver almost 10,000 free blood pressure checks, one of those was for me, across New Zealand thanks to our stroke van and we've funded this stroke van for another three years. It actually is going to make a massive difference to people because high blood pressure is the primary indicator of the risk for stroke and often people just don't know. So I think it's making a

massive difference. We're also going to put an identical van on the road in Melbourne.

I'd like to conclude by talking about the four people that you see on this slide, they're pretty special people and they sort of represent a great example of the influence that Ryman has in many ways. So on the top left hand side we've got [Ella Bayers] who you can see paragliding for our 104th birthday. She's just turned 105 and her - I just want to let you know that next year she's going to ride on a Harley Davidson for her latest birthday adventure, a three-wheeler, just in case you're worried. She lives in the care centre at our Jane Mander village in Whangarei and she's actually only the fourth-oldest resident in Ryman.

Then there's the construction chap there, [Tyrone Keatson] against the wall. He's leaning against his own handiwork. He had his own 21st lately. He's an apprentice bricklayer who started with us as a labourer in Petone and now he's in Melbourne building Nellie Melba. One of the contractors recognised how good he was and he's now well on his way to his apprenticeship and was recently named Apprentice of the Year at the Training Institute in [unclear]. His boss expressed it perfectly to us: Ryman Healthcare doesn't just create positive retirement experiences, they create opportunities for everyone involved in their projects.

Next, [Roger Garrett], he's a resident at Anthony Wilding, that's bottom left hand side there, he's 92 and his story featured in our annual Anzac Day book called *Stories of Valour*. Roger was part of J Force, he served in Hiroshima and Nagasaki and was a Guard of the War Crimes Tribunal after the War. He also spent 37 years in the police, most of it in the Armed Offenders force before retiring and we were delighted to be able to tell his story of extraordinary service to this country and our book.

These are the people that inspire us. We have thousands of people working with us, for us, who inspire us to do better. So I'd like to include a quote from one of our clinical managers, who is Tracey Dunn, she's on the right hand side there. So Tracey, who is responsible for the clinical care of our residents at Bob Owens in Tauranga, we asked her to describe what motivated her and she said: all I've ever wanted to do is make a difference in someone's life and I get to do that for 120 people every day and that is just a huge privilege.

I think Tracey has expressed it perfect really. It really is a privilege and it's also a privilege to work alongside people like Tracey and to be part of a team of thousands of people at Ryman who feel so passionately about what we do. That is what drives our growth, our

people. Thank you very much. [Move] to David.

David Bennett: Thank you Gordy and good morning everyone. So for the year that's just been, our underlying profit of \$227 million is an increase of 11.5% on last year. The big drivers have been new sales gains, which were up 50% to \$86 million. Our reported profit, or IFRS profit, which includes unrealised revalue gains on our recent property, was \$326 million, \$62.2 million less than last year.

The reason for this drop was that last year's result was boosted by changes to the independent valuation assumptions. As I explained at our half year result, in the year to 31 March 2018 CBRE, who are our independent valuers, lifted our five-year plus long-term growth rates from 2.8% to 3.4%. So the valuation gain of \$102 million in this year was due to us adding 414 new units and also due to pricing increases of 4.2%, which continues to reflect strong demand for our village offering.

Our operating cash flows are \$401 million and they are up 15%, so we've benefited from cash collections at some of our high value sites during the half. For the first time, our cash receipts from residents exceeded \$1 billion in the year. So what this means is that we had strong cash flows throughout the year and this allowed us to invest \$552 million in new villages and care centres.

We've done this as follows: we invested \$430 million building new villages; \$55 million on land, with the land bank lifting to over 7000 units and beds; we invested \$33 million in upgrading our existing villages; and another \$35 million on a range of projects, including site infrastructure, new care hubs and further development environment by Ryman.

I've already talked about the lift and the valuation of our retirement village units, but on top of this, we also performed our age care facility valuation this year as part of our three yearly cycle. The new value lifted by \$24.5 million in the year. This increase goes directly to our reserves, so it doesn't have a cost impact in the current year.

For such a major investment during the year that working capital has increased to \$1.3 billion. We regard it as productive debt and we use it to invest the bulk of it in new villages, where we recycle capital and which establish a growing tale of recurring cash flows. We have a very strong financial position with total assets of \$6.6 billion, up 15% on last year and shareholder equity has lifted by 12%, to \$2.2 billion compared to this time last year.

We continue to have very supportive banking partners and they understand our growth

plans and strongly support us. Our debt to debt plus equity ratio of 38% is just 1% up from September this year. We also increased our bank facility this year to \$1.7 billion and introduced the Bank of China to our syndicate. We also now have 95% of our facilities at three or more years of tenor. Our gross development margin for the year was 30% and this is higher than our target range of 20% to 25%. This was a direct result of Nellie Melba in Victoria, which is a high margin site, however it's also along with Devonport and Lynfield and Auckland that are also turning out to be very strong margins sites.

The resale bank of gains still to come currently stands at \$885 million, so these pent up gains mean we can expect resale earnings to keep on growing, even if the housing market was flat for several years, because volumes at our villages will increase as villages mature. Accrued management fees also refit to new price levels for each resale, so thus creates a compounding effect.

As David touched on earlier, demand remains strong, with only 69 units or 1% of our portfolio available for resale at the end of year. This represents really one month of trading stock for us. On top of that, care demand was also very high as we closed the year with occupancy at 97%. When you compare that to the sector in general, that is averaging around 87%, that is a very good outcome and we're significantly outperforming the market.

We also finished the year with presales at our new villages of \$148 million. Affordability of our units is also something we monitor closely and our residents in Auckland and Melbourne continue to free up significant amounts of capital when they move into a Ryman village. With that, property prices in Auckland went on to drop a further 15% before residents stopped freeing up capital and 25% in Melbourne. We also have the largest serviced apartment portfolio in the sector, with approximately 30% of our retirement village portfolio and service apartments which are a purely needs based decision.

What triggers our ability to grow is simple. It's our model of recycling capital at each village. As listing in 1999 and raising \$25 million, we have now invested \$30.7 billion in our portfolio and we've paid out a growing dividend stream to shareholders of more than \$800 million; we've never had to add any new capital.

In looking forward we look at – we've [managed] now to lift our underlying profit and increase our dividends every year for 17 years. It's a very rare feat by any company.

We're determined to keep that track record going. We see the growth in the future, coming from four main reasons. First, we continue to have a strong demand, with only 1% of our

resale stock available, and 97% occupancy at our established care centres.

Secondly, we have secured our tenth site in Victoria, which keeps us on track to continue to grow there, and also have our five villages open by the end of 2020.

Thirdly, we have lifted our landbank by 18%, with more than 7000 beds and units at 20 villages planned.

Finally, our build rate is lifting with 12 sites targeted to be under construction in the coming year.

So thank you very much, and I'll now hand back to David.

David Kerr: Thanks Dave, thanks very much. Before I open the session up to the floor, I'd just like to tie together a few points from our presentation.

As I mentioned at the outset, market conditions were challenging, however, we've traded it through well, and our expectation is we'll continue to do so.

Our focus remains on the long game, gearing up for the extraordinary years of growth ahead. As investors, you're likely to want to know what we think the difference is that will get us through. We don't take the challenges lightly, we're not complacent, we know there's plenty to worry about, and I've read elsewhere that there are four areas that an investor would be interested in.

The first would be the purpose of a company, and you know this well, it's exemplary, it's simply to look after older people to the very best standard we possibly can.

The second area an investor might be interested in would be the quality of the management. We've got an experienced, dedicated team with strong culture of doing the right thing for our residents and staff across all our villages, and at all levels in the company. We continue to focus on adding strength and depth to that team, and this is paying off.

The third thing that you might be interested in would be the financial strength of the company. I've already talked about the strength of our underlying profit, but bear in mind, without terms, we have the lowest deferred management fee capped at 20% of all the listed retirement village operators.

It's 50% lower than some of our rivals, this gives us a significant competitive advantage when market conditions change. That low DMF, combined with our fixed-fee model, which is fair and residents love, make moving into a Ryman village a compelling option.

50% of our underlying profit is retained to invest in clinical excellence and enhancing the quality of life for residents. We've been consistently lifting the standards by investing in innovation and technology, and we're getting the best audit results.

Finally, the fourth thing that an investor might be interested in would be our potential for growth. Our existing sites are in excellent areas and are in strong demand. We recycle capital effectively, we continuously reinvest in our villages, and keep them up-to-date, and are in demand.

As well as a great existing portfolio of 36 villages, we've got a record pipeline of villages in excellent areas to build, and a significant number are already consented.

With the reputation and the trust that we've built by caring for thousands of people and their families over 35 years, is really important.

So I'd now like to open the session up for questions from the floor, and following that, we'll take questions from callers who are on the conference call line. We'll bring a microphone around for those of you with a question in the room. In order that you can be heard, it's important that people on the webcast can hear you clearly as well.

So those of you listening on the phone conference, the operator will advise you when you can ask a question [unclear]. Questions. Thank you.

Andrew Steele (FNZC): First one from me is just on current market dynamics. You've noted some softness. I was wondering if you could provide a bit more colour as to how trends and dates of settlements, and dates of sale and new sale stock have been recently compared to say a year ago?

David Bennett: Yes, so in terms of the dates of settle, we haven't actually seen anything - in fact, it's actually slightly shorter for us in terms of our resale stock, the dates of settle on that, and what it was a couple of years back. So the trend hasn't been - well, it's been good on that front.

In terms of the selling, we're still selling our well off plans, so we've got - so presale spend of the year, at \$148 million, so the demand is still strong for our new sales as well.

Unidentified Participant: If you look at your realised pricing versus the pricing assumption built into CBRE revaluations, what sort of premium are you achieving over that assumption currently, and where was that a year ago?

David Bennett: We're achieving a small premium over the top of that. CBRE obviously look

at the data over the last six months, and they follow us, obviously the market's flattened out, we are being cautious with our pricing in the last six months, but we've continued to achieve good pricing, we haven't had to pull our pricing back. So CBRE just monitored that, and closed the gap slightly, but there's still plenty of headroom.

Gordon MacLeod: I think, Andrew, one of the big highlights for me when the numbers got pulled together by the team, it was just seeing cash receipts from customers hitting \$1 billion for the first time in the company's history, and growing 15%. Now, in really challenging market conditions, it's a tremendous achievement.

Unidentified Participant: Just on - you've noted there that development profile that you have ahead of you, just thinking about what that means for your CapEx commitment to the year ahead, and the new land purchases that you've also announced. How much should we think about in terms of a total CapEx number into the new year?

Gordon MacLeod: So honestly, our investment is going to increase. We don't give guidance on exactly what our CapEx will be because obviously it all depends on when we get going on those 12 sites. But we have seen a significant lift in our investment cash flows over the last couple of years. We'll continue to see that as we build that momentum, and that's one of the reasons why we've increased our bank [unclear], to make sure we can maintain plenty of headroom to do that, so the banks will be sufficient to do that in our modelling, and we'll still maintain appropriate headroom.

Unidentified Participant: Just on the point on debt facilities. As you are growing and investing more, and your requirements of debt is that much greater, how are you thinking about having sufficient diversity in your funding group? Or sources of funding, are you looking at introducing a bond, and do you feel that you have sufficient diversity in your banking syndicate?

David Bennett: Yes, so obviously, we are looking at the bond market, it's something we will continue to consider, but we haven't made any firm plans around that at this stage. But we've brought Bank of China on, so we're diversifying our banking partners, we're introducing more partners to give us more diversity, and also away from some New Zealand, Australia banks as well, to make sure we do have more flexibility in that group.

Unidentified Participant: Just to clarify, how many banks are in the group at the moment?

David Bennett: Six.

Unidentified Participant: Great. That's all from me. That's very helpful, thanks.

Gordon MacLeod: I think it's fair to say, we have quite a different banking relationship with our banks. We're very close with them, we update them - they really understand what we're doing. I'm aware that some businesses, treat banks as just the banks, but we treat them as a key business partner of ours, and they're very, very supportive.

So quite a high hurdle to come into the Ryman syndicate. We introduced the first new bank back in about 2009, we've grown a very cautious [unclear] since then. It's a very well-established unit, if you like, so it's not a relationship where we play one off against another, it's a good team.

Jeremy Simpson: (Forsyth Barr, Analyst) Morning, guys. Jeremy Simpson at Forsyth Barr. Just some development questions. The Geelong one you said you're just waiting for the final sign-up of the plan. When do you think you'll actually be able to [unclear]?

Gordon MacLeod: Well, I hope in the next couple of months.

Jeremy Simpson: (Forsyth Barr, Analyst) Okay, that's good. Just the Bishopspark project looks interesting. How many residents are there, what are the logistics of finding homes for them while you're doing the redevelopment?

Gordon MacLeod: Yes, so when we initially started discussions with the Bishopspark's residents, and I went out there, gosh, six months ago probably, actually, there was still a care centre in operation, and also I think about 40 retirement village residents. So what we've offered those residents, to ensure a really pain-free transition, is that under no obligation to accept it, and we've offered people to be able to move into any of the six Ryman Christchurch villages with no extra capital cost, to equivalent type units.

Then when we have built the village, assuming we're able to get all the approvals, et cetera, they'll be able to move back as well, with no additional capital costs. I think that's fair. If someone has been there for a number of years, and their historic occupancy demands have stayed the same, it's not fair for people to wonder how they might come up with additional capital to deal with that unusual situation.

So it was the Anglicans who decided to pull out of doing aged care in the village, because it wasn't profitable for them anymore, losing too much money, and we also worked with the care centre residents, again, to offer people to be able to come into any of our aged care centres under the same terms and conditions they were enjoying.

So we got a lot of good feedback, actually, about taking all the financial stress away for people at a really difficult time. I think there are about 15 people there today, and

obviously, we still need to get overseas investment approval to fully secure the site, which we're expecting any time soon.

Jeremy Simpson: (Forsyth Barr, Analyst) Just lastly, what sort of build rates are you thinking about this year and next year in terms of bed and units.

Gordon MacLeod: Yes, well we had build rates this year of 757 beds and units, so I think something in the region of 850 to 900 would be good. Maybe 900, and then for the following year, it'd be higher again, maybe nudging into the thousand.

Stephen Ridgewell: (Craigs Investment Partners, Analyst) Good morning, Stephen Ridgewell, from Craigs Investment Partners. Just firstly, a question on the results. It was a strong second half in the development side and took the margin up to 32%, from 27% in the first half. If I recall correctly, at the interim result you flagged that you might see a bit of softening, that margin's gone the other way. So just interested if you can give us a little bit of colour as to what resulted in that better margin in the second half.

Gordon MacLeod: So in Australia, Stephen, we've continued strong pricing in Nellie Melba continued with build costs that essentially have matched the end of the Weary Dunlop build back in probably about 2014. So those jaws widened. We don't like to count no that, but the market remained in those sort of conditions in the second half, which was really favourable.

Also, despite the really difficult challenges of the Auckland housing construction market, we're still able to get one good pricing for those three Auckland villages coming through, and also construction costs which were not quite as bad as what we thought they'd be. So we ended up with good margin across all four.

Stephen Ridgewell: (Craigs Investment Partners, Analyst) It looks like you've bought some great sites from...

[Over speaking]

Stephen Ridgewell: (Craigs Investment Partners, Analyst) Just wondering who was going to buy that but you picked it up. Just a broader question on the Land bank, you're up to 7000 units and beds now. I think you've expressed a desire to get to four villages a year in the medium term, so that sounds about 1600 units and beds a year, so you're about four and a half years Land bank now, but noting your comments earlier, Gordon, that in Australia perhaps [unclear] a bit longer than expected, and Auckland as well. How many years Land Back do you think you need to be able to deliver to that ambition? Is it a five-

or six-year - just trying to get a bit of a sense of to where the land bank might be heading in the next couple of years, please.

Gordon MacLeod: So I think an ideal scenario, Stephen, we'll be in a position in say two to three years' time where land bank would [reflect] that build rate, times say four and a half.

Stephen Ridgewell: (Craigs Investment Partners, Analyst) Thank you. Just on the comments on - it's obviously well publicised by pressure in the aged care sector and no doubt the wage increases were observed by the staff, but from an investor perspective is there any offset that you can see in that part of the business in terms of being economies of scale or other kind of efficiencies in the business to try and offset the wage pressure?

Gordon MacLeod: Yes, I think that the reality is the government cannot continue to underfund aged care in New Zealand so chronically, and so we've taken a decision that it's vital to hold onto our 520 or so registered nurses that we have.

What you've seen with other operators is that some care centres see them. They've lost all of their nursing staff in the last few months [unclear]. Now, yes, there's a \$5 million cost in paying people more but what's the cost of losing all the nurses? I'd say it's arguably more.

What's the offset from it? Well we work very hard with the government, together with the Aged Care Association so there's a good understanding of I guess what fair returns start to look like soon. When we hear things like in Northland or in Southland or in Nelson where, for example, dementia care facilities are almost unavailable now, [the fire's] not so restrained.

The reality is that something will change in a sector that's chronically underfunded [unclear] significant demand which is [unclear].

David Kerr: Stephen the other comment I'd make is that in terms of productivity we know that if we've got an engaged group of staff we'll achieve a 20% increase in productivity and an 80% reduction in staff turnover.

So we've told you that staff engagement is at the best level ever so we're achieving productivity for the investment.

Stephen Ridgewell: (Craigs Investment Partners, Analyst) Great, thanks for those comments. Then just a broader question on market conditions that you've touched on, but what we have been hearing was a bit more above the line discounts [unclear] sector. I

note your comments demand has been strong, you've had a good March et cetera, but can you just give us a little bit more colour as to village level or with Auckland in particular how the Company's evolving its marketing and offer [unclear] residents or is it more or less steady as she goes?

Gordon MacLeod: Yes, it's steady as she goes. We don't want Kevin to turn up and tell us that we're doing something crazy. Look what that means is that we're just straightforward with people so we don't deal with someone today and then next week we come on at a different price and then people get unsteady and not quite know where you're actually at.

The other thing we don't do is say well we've got a year end in March and we've got a half-year at the end of September, so we don't offer unique deals to those residents. So for example, we've seen in the market people offering pre-weekly fees for two years for example. Now when that resident moves into the next-door neighbour the first thing they'll talk about is the fact that they're not paying weekly fees for two years .

Those sort of inequities I don't think people really appreciate them in terms of people living together and understanding an element of fairness. So we don't shutdown \$20,000 things here, weekly fee things here. We offer a really fair deal. Twenty per cent down there. That's the last six weekly fees. Pricing looks fair, great range of care, great service and for people who are looking we are absolutely up there in choices that they make. So we really resist that short-term stuff.

Stephen Ridgewell: (Craigs Investment Partners, Analyst) Greatthank you. That's all from me.

Jeremy Kincaid: (UBS, Analyst) Just following on from Stephen's question just then, should we see substantial tightness in the market if you're not willing to offer various incentives and the like? What levers are you willing to pull to drive sales should things tighten?

Gordon MacLeod: Well you always have to - you have to do a number of things really. You've got to have really strong community relations with a pipeline of people that are interested and strong. You've got to have - you've got to be performing at a village level so that people's word of mouth in the area see you as the place to be.

You've got to have happy residents so that that word of mouth spreads and happy staff to do the job. You've got to be able to invest in the facilities so they always look nice.

You've got to have the best terms in the sector. You've got to have a care offering which is comprehensive and includes [dementia-level] care.

So if you have a really terrific -- our view is that if you have a really terrific offering, offering what we would see as the arguably the best terms in the sector, clinical excellence, service excellence and seeing the ongoing and relentless pursuit we have for making life for residents better, then that's actually for us what drives demand. So again a difficult market this year; that's why we've only got 1% resale [stock].

David Kerr: They are all under [apparently] the affordability graph that David Bennett showed you which showed you that there is a good gap between real estate - between residential pricing and entering a village or having serviced apartments.

Gordon MacLeod: Yes. I think it's really important that the - what we talk about in the team is it's really important to trust the process, trust in what we do, and that's the most effective way to ensure demand and a wait list. I think that people don't really relate to a price with a big line through it saying 50 grand off and it's saying - it's quite a different market I think.

Jeremy Kincaid: (UBS, Analyst) Great. My next question is just on the village you purchased in Christchurch. Are you able to give an indication as to whether or not that was at a premium or a discount to NTA?

Gordon MacLeod: Well what it was was we assumed the liabilities of the resident so the capital sums are paid minus the deferred management fees. It's our obligation to pay for those - pay those people out in due course when that happens and that was it.

Jeremy Kincaid: (UBS, Analyst) Yes, great. Just also, your other site Victoria, the sales appear to be going strong there. Are you able to give an indication of what the price point is there for that village and then where that sits relative to the surrounding villages?

Gordon MacLeod: Yes. Dave, do you want to deal with that?

David Bennett: Nellie Melba?

Gordon MacLeod: Yes, Nellie Melba.

David Bennett: Yes, so that is - that chart that we showed, that is pretty much it, that there's a big difference. Obviously, Nellie Melba and Weary Dunlop and same sort of geographical area, same market, in similar pricing, because different offerings for what people look for, so we're about 25% discount to the surrounding market there. The market has pulled back over the last six months but we did have to maintain our pricing because of the buffer we've had there.

Jeremy Kincaid: (UBS, Analyst) Then very last one from me, David. Your bank facility has obviously gone to \$1.7 million. Does that imply to the markets that your modelling doesn't suggest that bank debts tracks above that level over the foreseeable future?

David Bennett: That's correct.

Jeremy Kincaid: (UBS, Analyst) Fantastic, thanks.

Gordon MacLeod: It's quite an interesting conundrum for people if they move into Nellie Melba and have sold their house for say \$400,000 above - and they've freed up say \$400,000 of capital, because often for people in life their house is their most major asset. So, again that grand opening night, quite a few people quietly said to me, what do you do with \$400,000? Because it's a quality problem that a lot of people have never had, and of course, some have moved into a serviced apartment, you're looking at freeing up \$700,000, so it's a great way for people to free up equity and downsize and it really shows through on that market.

David Kerr: They're largely 80 years of age and more, mortgage free, so they are going to free up significant sums of money. Other questions? We'll just see if there are questions on the 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 speakerphone, please pick up the handset to ask your question. Once again, if you wish to ask a question, please press star 1 on your telephone and wait for your name to be announced.

Your first question comes from [Mayur Khandelwal] from [Candlewell & Co]. Please go ahead.

Mayur Khandelwal: (Candlewell & Co, Analyst) Thank you. I had a couple of questions, primarily around Australia. First was the Geelong project. I know that there has been some pushback in the community, and has that pushback experience impacted your evaluation for the 900 build rates?

Gordon MacLeod: Yes, I can deal with that question now. The question was there was some pushback in the local community about Geelong and has that affected I guess our build rate that will result from the village. What happened was the team and myself were at a hearing just before question at the Geelong City Council. The councillors at that point get a chance to vote in favour of the application or not. They chose to defer the decision to

a thing called VCAT which is the equivalent in New Zealand of the Environment Court, I guess.

Then what happened is that we - the objecting residents and us had the opportunity to have a mediation session through VCAT about five weeks ago, I suppose, and that outcome was successful. What we did was we moved townhouses about five metres I think it was back from the western boundary and we also removed about six - I think we removed about six townhouses from the scheme. That created a greater sense of space between the neighbours who were particularly affected and it also created some more space in the village and didn't affect our feasibility materially.

It was a really good outcome because the community was really happy that we had listened to their concerns. Nevertheless, we did go into that mediation with a fully supportive decision from the Geelong Council in terms of the development complying with every single requirement of the development overlay. The purpose of the VCAT meeting was really to see if resident concerns could be mediated before a formal tribunal, and that outcome was really successful.

Mayur Khandelwal: (Candlewell & Co, Analyst) Okay. Has that changed your approach to Australia development at all, or are you more concerned that development may be slow in Australia or do you feel that you're learning and you move more rapidly now?

Gordon MacLeod: No. We have actually assumed for some time that the majority of development approval processes may somehow go through VCAT. It's a very, very common process in Victoria, more common than not, and so it's great to have gone through our first process, which actually I thought was quite quick. The decision was turned down right at the end of December and we had an answer pretty much by the end of April, fully sorted. So that was quite good.

The real lesson learnt from that was that I would have liked to have got the development application in probably six months earlier as the lists have merged internally because we can control that. Obviously, we're just keen to keep our position of talking with neighbours and understanding their concerns and perhaps trying to address that as soon as we can, earlier on if that makes sense.

Mayur Khandelwal: (Candlewell & Co, Analyst) Okay. Then along the Australia theme, is there a thought of listing in Australia? Right now I guess when you're on the horizon about 10% of your properties will be - or better than 10% will be in Australia, right, at some point in time. If you have a reputation with the community there [unclear] for the others,

it would also be nice for them to put their capital to work there as well.

Gordon MacLeod: That was a question whether we're considering listing in ASX?

Mayur Khandelwal: (Candlewell & Co, Analyst) That's right.

Gordon MacLeod: Sorry, I just missed the first bit. Okay. The question is are we thinking of listing on ASX? We're doing absolutely no work on that at this point in time. It's not under active consideration. It has been in the past, but we've decided not to do it for various reasons. One of which being that we're getting excellent access to international investors through Europe, America, Asia, all over the world, including Australia, and so we're just wondering what the value of an ASX listing is actually.

Particularly as the New Zealand market cap that we have, is not recognised in Australia, except for the Australian trading component. The other sort of slight irritant, is that the listing fees are huge, and they won't cut a deal. Anyway, so with ASX, I think we'll just leave that for the time being. [We] wouldn't rule out other exchanges outside of Australia.

Mayur Khandelwal: (Candlewell & Co, Analyst) Okay. Thank you.

Operator: Thank you. There are no further questions at this time. I'll now hand back to Dr Kerr.

David Kerr: Thank you very much for joining us. Let's have an informal discussion over a cup of tea and a sandwich and we'll look forward to a more formal briefing at the time of the AGM. So, thank you very much.

End of Transcript