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David Kerr: Morena, tena koutou katoa. Good morning everyone, and welcome to Ryman Healthcare's half year results presentation. My name is David Kerr. I'm chairman of Ryman Healthcare. To my right, we have Gordy MacLeod, our chief executive, and beyond Gordy sits David Bennett, our chief financial officer.

Thanks to everyone who has made it along this morning, and welcome to anyone who is watching live. This morning's format is in some initial comments from myself, on our progress and activities, and then I'm going to be followed by presentations firstly from Gordy, and then by David.

Gordy is going to give you his perspective or analysis of the first six months, and David will then give you some great detail on our financial results.

At the end of the presentation we want to open the session up for some questions from the floor, and following that we will take questions from any callers who are on the conference call line. We will bring a microphone around to those of you in the room, so that you are easily heard in the room. Also, it's important the people on the webcast can hear you clearly.

For those of you who are listening on the phone conference, the operator will advise you when you can ask a question, and we anticipate wrapping up at 10:45, 10:50, something like that.

The first half headline numbers were: The unaudited underlying profit was $103 million, up 6.2%. The reported, or IFRS profit, which includes the unrealised fair value gains on our investment property, rose 11.1% to $188.3 million. Our full year underlying profit, which of course reflects our trading and is used to determine our dividend, is expected to be in the range of $250 million to $265 million. That reflects a range of between 10% and 17%.

Our medium-term target, as we have often advised, remains to double our underlying profit every five years. That translates to increasing our underlying profit by approximately 15% per annum. This target is unchanged, and it is, we believe, achievable.

The half year dividend has been lifted to $0.115 per share, in line with the growth of the underlying profit, with payment on December 13, and a record date of December 6, 2019.

Operating cash flows increased a pleasing 17.6% to $256.1 million. Our total assets climbed by 17.4% to $7.26 billion, which gives us a very strong financial base to support what we aim to achieve in retirement living and aged care provision.

The first half result has been achieved against a background of pretty tough market conditions in Melbourne and Auckland, so we are satisfied with what's been achieved. The growth in the underlying profit was driven by record resales volumes. In New Zealand, the resales volumes increased by 11.3%, while volumes in the wider New Zealand market actually declined by 15%, which demonstrates the continued appeal of a Ryman village. High occupancy of 97% in our established care centres, and low resale stock, show our villages continue to be in strong demand. This is a credit to our team and the kindness and professionalism that they bring to their roles each and every day.

As previously signalled, our construction completions are weighted towards the second half. As with all companies, there are some things we can control, like the villages we build, the environment we create for people within the village, and the care that we provide in our care facilities. We continue to build beautiful villages, and we strive to provide the best of care. We have made further improvements to the way we do both of those during the half.

One of the challenges we've had in this half has been the complexity of some of our construction sites, and the associated delivery of units, as well as the absolute commitment we have to completing our care centres without delay, to meet the promise that we make to our residents that care will be provided. This means the care centres will take priority in the build program.

We have had three large care centres under construction during the half, which are complex, capital-intensive builds with no immediate recycling of the capital such as occurs with apartment dwellings. However, they are also great assets and they are the powerhouse of our offering, that we will provide care.

Then there are the things we can't control, like the housing market. We have been through housing cycles over the past 35 years, and so we sort of know what to expect. We have always continued to build throughout the cycle, so when the market returns to health, we can capitalise on it. We hold our nerve and we keep going. The good news is that we can see some signs of a return to confidence in the housing market in both Victoria, and here in Auckland. We are expecting that momentum to build.

We are expecting a much stronger second half as the build program lifts. The Board and the management team believe we have a lot of momentum building as we head through to March and beyond. We have learnt it's important to keep the flywheel of this business turning, and Gordy is going to describe to you what that momentum looks like, both here in New Zealand and in Victoria.

We need to be in a strong financial position to support our ambitions to constantly improve what we do, to give our residents confidence in our ability to endure, and to continue to grow to meet the demand that we see ahead. To that end, our balance sheet strengthened further during the half with total assets surpassing the $7 billion mark.

I'd like to take a little time to talk to you about the highlights relating to care, from where I sit, before Gordy takes you through his review of our momentum and what he sees ahead.

As you have heard me say before, we are a care company. Our fundamental purpose is to care for our residents as well as we possibly can. To do this we must constantly innovate to improve the experience that our residents have, whether they are in care or whether they are living independently. We must work hard to ensure that the team who deliver that care have both the skills and the resources they need to do a great job, and also that they love the experience of being part of the Ryman family.

Our focus on excellence in care continued in the half, and 84% of our care centres now have four-year Ministry of Health accreditation, compared to an average of 47% amongst the large operators in the sector.

An example of our commitment to investing in care is a program of work we have named myRyman Life. The myRyman Life model of dementia care is designed to challenge and change the perspectives on dementia commonly held by staff, by residents and their families. Our aim is to build a supportive and understanding community network by de-mystifying dementia, which supports our residents to live life in the moment, feeling valued and understood, and to give them a sense of contentment.

We have more than 800 dementia care beds, and another 685 beds planned, which is a huge commitment to dementia care. Making sure our care and consideration of the needs of these people and their families is the best it possibly can, is what myRyman Life is all about.

The project's been masterminded by Karen Lake, our Operations Clinical and Quality Manager, who spent more than a year interviewing residents with dementia, their families, talking to specialist designers and experts around the world, as well as our own teams. We brought everyone together from across Ryman, from architects and builders through to clinicians, contractors, to reconsider how we could improve dementia care and dementia design.

The program is being introduced through a range of education resources to educate all the staff, the residents and their families, using up-to-date research-based methods which centre around our core philosophy of kindness. More than 1400 staff and 500 residents and family supporters have already been trained in the principles of myRyman Life. What's been striking is the level of support and interest from families in the project. They have been coming along to the information sessions in large numbers, which reflects that we are all on the same team and working to provide the best caring environment we can.

We have also been working with the Otago Polytechnic to develop our new dementia learning modules to be recognised by the New Zealand Qualifications Authority.

So, we have challenged the way we design our dementia units. Our latest unit at Murray Halberg Village here in Auckland, for example, includes an area where residents with dementia can help prepare food and cook.

You mightn't regard me as a man who gets excited about doors, but I want to share this slide with you. It's an example of our new doors for each resident's room in the care unit at Murray Halberg. We're trialling the door skins on 20 rooms. They individualise each person's room as their home. As you can see, they are all quite distinctive. It aims to save confusion over where each resident lives, making them highly distinctive and personalised.

myRyman Life plays to our strengths as a vertically integrated company. Clinicians like Karen can talk directly to the architects, the interior designers, so that an idea today can be translated into a design and fed straight through to the builders. We're agile, we can innovate and change directly. To me, being agile is the same as being intensely customer-focused, and to be aiming to meet all our customers' expectations, and to be very clear about our purpose as a company.

myRyman Life is also an example of what a truly integrated company we have become. When we want to improve something, we can pull people from every part of the business whose work touches a part of the process, and they work together to make that change.

It reflects that we are a holistic company. We are a care company, we are a design and construction company, we're a technology company and we're a property company as well. We can combine all of those different parts of the business to achieve our goal of caring for people. It's clear that the whole is much greater than the sum of the parts. That defines a holistic approach.

I believe initiatives such as myRyman Life will serve our residents well, and ensure that our staff are prepared to go the extra mile. That's a behaviour I see so often when I'm visiting villages.

We have been providing dementia care for more than 20 years now, and demand for our services is growing fast. Combining all our skills using financial, human and social capitals, and our resourcefulness to tackle dementia, is part of our social license. There are currently 70,000 New Zealanders living with dementia, which will grow to 170,000 by 2050.

In Victoria, the numbers are even greater of course. There are 104,000 people living with dementia currently, and that is going to grow to 280,000 over the next 30 years. By 2058, there will be more than 1 million Australians with dementia, which is a pretty sobering number.

So, we asked ourselves, what else could we do to help? We signed up as Alzheimer's New Zealand's lead partner for the next three years, and more than 1,200 of our staff have signed up to become Dementia Friends. We have entered the Alzheimer's New Zealand Dementia Friendly program. We did all of this because we back Alzheimer's New Zealand's mission, which is to combat stigma and to change hearts and minds about dementia.

The other clinical care area I want to touch on is our Medications Advisory Committee, which brings in outside brains to work with our senior clinicians, and then to advise our prescribers, be they general practitioners or nurse practitioners, on what's the latest research advice on the value proposition of different medicines in our resident population. This committee, you can see the list of people who are involved, but it is chaired by an experienced pharmacist Alex de Roo. It includes Professor Richard Sainsbury, and Bill Allan from the Health Quality and Safety Commission. It's a lively group. The aim is to close the loop on the way drugs are prescribed and improve the health outcomes for the residents as a consequence.

From early next year we'll be taking myRyman to the next level with the addition of our general practitioners into the system. We have created a GP login which means that the doctors will be able to work directly in our system for the first time, eliminating the double handling and the paper-based notes. They will be able to view all our notes and add and update their own notes.

It will cut out the double handling that comes with working in two systems, which is so dangerous. I recall not so long ago proceeding around a rest home with a large trolley [in my wake] with case notes this high piled on the top of it. With myRyman all a doctor needs are a stethoscope and a device. No one needs to try and read our handwriting anymore.

So, while that might sound easy in theory, there are lots of problems to solve, not least around privacy, security of patient notes, reliability of the system but getting it up and running and proven has taken a lot of hard work and we're nearly there now. All of this means we can spend more time with the patients, and we know our GPs are excited about that change.

Another area where we're looking to improve what we do is with Ryman Delight, which we're trialling in four villages currently. Ryman Delight is aiming at providing additional activities which the residents choose based on their interests in addition to the wide range of activities that we already provide. The trial at each village is being run by a concierge who arranges trips to the theatre, concerts, sporting events et cetera as well as weekends away.

In addition, we have introduced village hosts in the evenings at some of our largest villages. The host provides bar snacks, arranges movies and other entertainment to make the village centres more of a destination for our residents and their friends and families in the evenings.

We have introduced an Ecab service for the residents in four villages and the low emission cabs have been in demand, completing 500 trips at last report. The low emission cabs are most popular here in at Auckland where residents I think love to get somebody else to tackle the traffic.

So, I've described these initiatives like myRyman Life, support of Alzheimer's New Zealand, Medication Advisory Service, village host initiatives and the Ryman Delight project because they are fundamentally investments that the company is making to further improve our residents and their families' experience with no immediate financial return but very significant gains for our residents. These investments are core to our purpose.

As a board we regularly look at our skills matrix to make sure we have the right mix around the table. We have strengthened the team in the last 18 months with the addition of Geoff Cumming, who brings a wealth of international experience in both governance and executive roles as well as an entrepreneurial background, Anthony Leighs, who brings extensive experience in construction and development business to the table.

I'm delighted to advise today that we have appointed a new Melbourne based director to the team - that's a photograph of her there - to strengthen our people, capability and talent management skills. Paula Jeffs is a human resources exec with experience across health care, finance and government sectors. We're a high growth business and we know that finding and developing the right sort of people is going to be critical to our success. So, she brings great insight into people and talent and I'm sure she's going to be a great contributor.

We're really very aware that the role of the board is not simply one of oversight but that we need to bring specific competencies to the table to assist the company. Her recruitment means our board now has got a wealth of talent and an excellent mix of skills and diverse views, which will see us into the future.

Each of the board members is very aware of the importance of bringing both their specific skills to the table as well as a strong focus on maximising shareholder value. We have a busy next six months ahead of us.

So, my summary would be that we have had an adequate first half where we had very good care occupancy, good resales activity, record cash flows but lower new sales than we had hoped for during our build phase, but we plan to make up for this in the second half. We have invested $4 billion in building communities to date since the float and returned $860 million in dividends since 1999.

We're moving into a record expansion phase in the next 18 months, but it's not growth for growth's sake. Our growth reflects the fact that we want to build as many communities as we can so that people can benefit from the Ryman experience, and we continue to invest in the resident's experience. It's my pleasure now to hand over to Gordy. Thank you.

Gordon MacLeod: Good morning, everyone. Thanks, David. I would like to start by saying we've put a whole lot of work and effort in over the past couple of years. It's not quite reflected in this half result, but I tell you what, I believe where we are going, we're going to start to see the fruits of our labour over the next year or so.

We're now stepping up into our biggest ever build program, which is exciting for the team and it's also exciting for our next generation of residents and the staff who are going to work with us at villages. We anticipate delivering more than 900 units and beds this financial year, up from 757 last year and 532 the year before. So, you can see we're really lifting our build rate now.

As you can see, we have been through a quieter period as we have worked our way through the design and planning stages to develop the villages and the land bank and we're just starting to come out the other side of that, which is really good to see.

We have learnt a lot, particularly in Victoria. We've invested significantly in our development, design and construction teams and removed a whole lot of blockages to speed up the process of developing new villages both in terms of what we do internally but also the relationships we have externally as well.

We also recognised that Tom Brownrigg's construction team was a little skinny at the top I think, and we've appointed Paul Blackler as our New Zealand construction manager and we have Martyn Osborn overseeing our Victorian construction team and they are both supported by a team of regional managers that we've recently added too. The health and safety team has also got a lot more resource because getting everyone home safe each day is just obviously one of our most key priorities.

We've also worked on our relationships and the way we consult and work with communities and councils. We have speeded up the time it is taking to process applications and consents and particularly in Auckland actually.

We have actually dramatically improved our working relationship with Auckland Council, which at times needed to be improved, and by working together we have cut the time down from building consents from what was 68 days for quite a considerable period of time down to 25 days today, and it's a credit to both sides of the team actually.

So, you can't sustain an increased build rate without a significant land bank and now we have 7,074 beds and units to develop spread across 22 sites. We have significantly lifted our land bank over the past three years to match our growth aspirations in New Zealand and Victoria and also our financial aspirations for the growth of Ryman. During the first half we have added two new sites; one at Highett in Melbourne and one at Northwood in Christchurch.

So, if you take a look at this next slide here this shows where we were at across our current sites back in September '18 and I guess the most striking feature is there's lots of dots that don't have a colour in them.

So, we're currently underway at 10 of our 22 land bank sites and we're hoping to have two more underway by the end of March to take us to 12 sites under development. This is without a doubt the biggest program of development, the biggest phase of development in Ryman Healthcare's history.

So the next slide shows the progress that we've made getting these 13 sites - well, 12 sites targeting, could be 13 - through, design, consenting and council approval. In fact, the slides are now out of date because I found out late last night that we had our plans endorsed at Geelong, which is fantastic.

On the development of the land bank over the coming years we expect to be providing homes for more than 20,000 people and when you think about the fact we look after 11,400 people today that is significant growth over the next few years.

So perhaps we'll go on a bit of a tour around our sites. Let's start with Victoria. A good example of the work we've done to remove blockages and speed up the way that we get projects through the pipeline is our new village at Aberfeldie in Melbourne.

We bought the site back in May 2018. We designed it and we were granted development approval for it by August 2019, which by the way, I watched on a live Facebook feed from the council. They have great transparency of voting over there. We settled the final payment for the site in September 2019. We have cleared and prepared the site and yesterday we got our endorsed plans stamped, so we are all good to go.

So, what that means is that in New Zealand when you do a development each and every stage has to have building consent for it separately. In Australia they have to sign the whole thing off at once at the start. So it's a much bigger milestone to get in Australia what we think of as building consent in New Zealand, because it's the whole thing. So not only is development approval important but getting endorsement of plans. So, getting that done so quick has been great.

So overall at Aberfeldie we've gone from buying the site to be able to be in a position to start construction within 18 months and that is a great achievement by the team, and it's very different to some of our earlier acquisitions.

I'm really pleased to announce our 11th site acquisition in Victoria today. So, Highett. It's a blue-chip suburb and the site is next to the train station and the shops and couldn't be better for residents and staff I don't think. It has a stellar catchment and we're confident a Ryman village will serve the area really well.

I really believe that even more firmly after I spent a Sunday - no, it was actually a Friday afternoon at the Southland shopping mall, which is a big shopping mall locally, and saw lots of grandparents picking up their grandchildren from kindergarten or school and it looked like excellent demographics for us and a really good area for us to be providing a community.

So, the site already actually has a development approval for a retirement village from a previous operator and we've lodged an amendment for the approval with Bayside Council and we hope to be underway soon.

So, Highett is the latest in a great line-up in Victoria. We have two large villages under construction, Nellie Melba and Burwood East and also early site works are also underway at Highton in Geelong where we've just got our endorsed plans, as you know, and also Aberfeldie, where also we just got endorsed plans. Both of those were yesterday.

Presales have just got underway at Highton with good demand already and we would expect our first new residents to arrive mid-next year at both Highton and at Burwood East. So you're probably wondering what our fifth village is going to be by the end of 2020, because that has been one of our targets for a while.

So, you would be going Highton, Geelong, Burwood East, Nellie Melba, Weary Dunlop is done. What's the fifth one going to be? I would like to know what the fifth one is going to be too. So, it's probably most likely to be Aberfeldie, but Highett might not be too far behind at this rate.

If you think about Ocean Grove that's a townhouse development and so that might get away to a flier as well in the next few months if we get development approval there. So, the great news for the construction team to achieve this goal of at least five to 2020 is that 2020 is a leap year. So that means we get an extra 24 hours to build. So that's a great bit of extra time for them.

So just finishing where we're at in Victoria, we have development approval for Coburg and we've also submitted development approval applications for Mount Martha and also Mount Eliza. We opened our first Melbourne village in 2014 and now we have over 650 residents across Weary Dunlop and Nellie Melba.

We have 11 sites, 10 of which are either operating or under heavy construction, have development approvals or development plans about to be submitted. Ringwood East actually is the only site without plans lodged and we're expecting to do that with Maroondah Council very soon. So, what is really encouraging is the level of activity we're seeing in Victoria, which really shows I think six years of hard work from a whole bunch of people. The experiences we're learning, some of the scars we're getting from delays and frustrations, it's all building off and we're really starting to build our brand there.

In fact, on the brand point, we have had a record six months in Victoria. Exchanging contracts with more than 250 residents in the form of new sales, resales or care agreements.

We have also recruited a new design team over there. We've got some talented individuals and they are bedding in well. As I have said earlier, with Martyn Osborn heading up the team as Victorian Construction Manager, we've got a great build team there. He's actually recruited the project managers for our next wave of villages. He's very fussy about making sure all recruits are above the Ryman line, which is one of our key ways that we go about selecting people.

What's quite interesting is meeting our staff in Melbourne is that they realise we've got a higher purpose at Ryman in terms of looking after people. Doing things that would be good enough for your Mum or your Dad. The staff that I deal with, the people I meet in Melbourne that work for us, they see it as a very refreshing difference to be working with a Company with a strong purpose. I think it contrasts quite strongly with perhaps lots of other businesses these days.

On the care front, Nellie Melba was subject to a surprise a few weeks ago. This is part of the government's new Aged Care and Quality Standards regime where all audits are unannounced. In fact, unfortunately for the team that happened to be a couple of days while I was visiting, so I made sure I didn’t get in the way too much. We had really positive feedback from the auditors. They liked what they saw around our rosters, lots of our service provision, care, how myRyman was working, you name it.

Actually, we met 100% of the new standards, which only came into effect from 1 July. So that's no mean feat. I was really proud of the team actually. Look, the stats are that since those new standards came into place from 1 July about 25%, I think it is of aged care facilities in Australia have had surprise audits where all the standards have not been met. So we've done really well first up.

We're really busy in New Zealand as well. We spotted a gap in our village network in Christchurch for a new site in the north. We have purchased a large new site at Northwood. As a Christchurch person I think that’s an awesome photo of Christchurch by the way. Northwood was developed in the late '90s and early 2000s and has grown fast. There is a lot of new development around it as the city spreads north.

We think Northwood will be a great place for a Ryman community. It's now subject to Overseas Investment Office approval. By the way we've received a couple of those in the last few months, so we know how to handle that process well.

New Zealand triplets, which we call Murray Halberg, William Sanders and Linda Jones in Hamilton, they are also growing up. The care centre is open at Murray Halberg, and William and Linda's care centres are following close on its heels. Getting the care centres open are always real major landmarks for the villages and represent a huge amount of work from our teams on the ground.

They give the village a heart, and we show we mean business when it comes to care. They drive sales as well because of the peace of mind they provide for residents. All three villages are selling well, and we will deliver new stages during the second half to drive new sales.

Just quickly, when we were at the hotel last night one of our colleagues, Andrew Gibson, who is our Hospitality Services Manager, he had been at Murray Halberg all day getting all the kitchens and the cafés and everything set up. He said to me that, I think it might be our best village yet. So that’s what you love to hear when we're just getting better all the time.

Construction is well underway at Lincoln Road. We held our public meetings last month to introduce ourselves to the people of the West. We had great numbers and a really warm response actually. If there was a theme it was an interest in our integrated care system, in particular dementia care. Here is one of Lincoln Road's first residents, on the left there. Her name is Joyce Carswell, who is waiting for us to build her new home.

Joyce spent a long career working at Laidlaw College, our neighbour at Lincoln Road. We actually bought the land off Laidlaw College. Joyce wanted to downsize her home and reduce the burden of maintenance and gardening but stay in Henderson and enjoy more time with her family. She loves the area and says if she lived anywhere it would have to be Lincoln Road in Henderson so she can stay connected with her local church and community. She has picked a sunny downstairs unit near the village centre and we're looking forward to handing her over the keys.

Site works are well underway at Havelock North. It looks like it's going to be a flier with massive interest. It's sort of the talk of down, even the talk of Napier just about.

Moving around the country more we're also getting established at Hobsonville with construction proper starting early next year. We have also redesigned our Karori village to take into account heritage and earthquake strengthening concerns. We held another round of community consultation there last week. There is strong interest in the village in Karori from potential residents. When they talk with our team, they just cannot wait for us to get going, that's what they want to see happen.

We are delighted to have Cheyne Chalmers joining the team as our Chief Operations Officer in January. Cheyne has a clinical background and has held a number of senior roles in health in both New Zealand and also Australia. She has been in Melbourne for the past 10 years, so that's ideal for us, where she has been Monash Health's Executive Director of Residential and Support Services and also the Chief Nursing and Midwifery Officer.

Monash Health is the biggest public healthcare provider in Victoria and has a superb reputation. She is a nurse, she understands aged care, she has led healthcare teams on both sides of the Tasman. She is a first-class leader and a great developer of people. She also told me that she knew she wanted to be a nurse from about the age of six. So, it's great to have her joining the team and we are looking forward to working with her.

David mentioned a lot of new things we are doing for our residents. So, the team and I are always looking to do better, make no mistake about that. So, it's been really good to see our most recent care relative and service department resident surveys which both lifted from what were already really high levels. This is a real credit to the team in the field and the support that they get.

But Kevin Hickman's mantra always sticks with me. He used to say all the time, as soon as you think you've made it you've had it. I believe that's so true and that's why we always strive to do things better all the time. Look, sometimes we get things wrong. When we do, we own it, we fit it, we apologise, and we learn from it.

So, to keep everyone happy we need great staff. As David mentioned, we want them to love working with us. We continued to increase staff pay in the half, to innovate in the way that we train, and to find ways to identify talent and the leaders of tomorrow and to develop their careers. We are about to send our first group of senior leaders to the Melbourne Business School in fact, forming a new partnership with them for the first of four leadership modules.

So, what I love about it is that it is a Ryman Advanced Leadership Program. It's not the Melbourne Business School Advanced Leadership Program. We have worked with them closely to develop a course specifically around our values and our culture that we want to preserve. At the end of the day we're going to have to develop more Rymanians. Part of that is making sure that the leadership team have the capacity and the skills to be able to do that better than today.

So, what does the future look like? Well, our challenge is to build as many Ryman communities as we can for people who need them. We want them to benefit from the Ryman experience. We want to create great careers for people with a purpose. The shift in demand that we will see over the coming decades is extraordinary. In my view we are as a society a very long way off properly understanding it, and a very long way off planning for it.

Lots of people talk about the aging population, I don’t think people really understand how significant it is. So, let's look at it from a global perspective for a minute. Today there are 143 million people in the world aged over 80. By 2050 there will be 426 million people aged over 80. This is much more pronounced in the Western world where one in four, 25% of the population will be over retirement age by 2050. This is what it looks like in 2100.

Another way of looking at it is to consider that it's taken 200,000 years for the population of humans over 80 to reach 143 million, but it's only going to take 30 years for that to triple to 426 million. Now that is a very dramatic change on earth.

The challenges ahead in caring for older people and creating communities where they can be happy and secure are enormous. We are not daunted by it at Ryman. We are excited about it. We are fired up. At Ryman we see meeting the challenge as actually a great privilege and something we want to play a big part in.

That’s why we've been working so hard to gather the momentum that I'm sure you can see building right across the board. So, thank you very much, cheers.

David Bennett: Thanks Gordy. Good morning everyone. So, we thought we'd just cover off a few of the numbers now. So, our underlying profit of $103 million is an increase of 6.2% on last year.

Our reported IFRS profit, which includes the unrealised fair value gains on our investment property, was $188 million. So, $19 million up on last year. The valuation gain of $93 million is due to the development of 234 new units in the half. These have been included in the valuation for the first time. There has also been an increase in the pricing of 1.5% reflecting strong demand for our village offering.

We achieved a record number of resales in the half, with 454 units sold. Which is a 12% increase on last year. Our operating cash flows are a record $256 million, which are up 17.6% on last year. So, we have benefited from the collection at some of our higher value villages we have been building over the last few years.

Our cash receipts from residents exceeded $580 million, which is a record for any six-month period in the history of Ryman. These strong cash flows have allowed us to invest a record $360 million in new villages and care over the last six months.

So how have we spent this money? So, we have spent $238 million building new villages. We have spent $78 million on land, which has included $6 million on bed licences in Victoria. It has meant we have been able to maintain our landbank at over 7000 units and beds.

We invested $26 million in upgrading our existing villages to further enhance the resident experience and the care we provide. We have also spent $18 million investing in a range of projects such as the development of the next stage of myRyman, system integration and the technology to enhance the work of our clinical team and the way we provide care.

With such a major investment during the half our working capital debt has increased to $1.5 billion. We regard it as productive debt. We invest the bulk of it in new villages where we recycle capital. This establishes a growing tail of earnings.

We have a very strong financial position with total assets of $7.26 billion, which is up 17% from September 2018. Shareholder equity has lifted by 12% to $2.3 billion from a year ago.

Again, we continue to have very supportive banking partners. We recently had the Bank of China extend their facility, and the Industrial and Commercial Bank of China, or ICBC, has just joined our banking syndicate. This means we now have seven banks as part of our syndicate. They understand our growth plans and strongly support us.

Our debt to debt plus equity ratio is 40% which is up just 1.7% from March. We’ve increased our bank facility overall to $1.9 billion, and with 98% of that having a tenure of three or more years.

We’re continuing to see the benefit of the developments being in high-value centres. The development margin for the half, if you exclude Malvina Major, was 25%, which is the top end of our range of 20% to 25%, on the back of these high-value developments in both Auckland and Melbourne.

We also did a rebuild at Malvina Major, which was at no margin as it was an earthquake rebuild, and therefore, the overall margin, when you include this, was only 20%.

The resale bank of [gains] still to come, currently stands at $867 million. So, these pent-up gains we can expect our resale earnings to keep on growing, even if the housing market was flat for some time, because volumes will increase at our mature villages.

Our deferred management fees will also increase, as they reset to new price levels with each resale, so this creates a compounding effect.

Demand has also remained strong, with only 111 units, or 1.6% of our portfolio, available for resale at the end of September. The first half saw a record number of resales and available stock, [representing] just over one month's trading for us. Currently, we expect about 85 units to come up each month.

Demand for the care we provide remains very high, and we closed the half with occupancy at 97%. The aged care sector in general is averaging only 87%, so we continue to outperform the market in this area.

We also had presales of $143 million at the end of September, showing strong demand for our new villages, and this is at consistent levels as in prior periods, as you can see from this chart.

Our residents in Auckland and Melbourne continue to free up significant amounts of capital when they move into a Ryman village. In fact, property prices in Auckland would have to drop a further 12% from current levels before residents stop freeing up capital, and over 20% in Melbourne.

For service departments, they free up even more significant amounts of capital, as they move into a Ryman village, and this represents approximately 30% of our retirement village portfolio.

So, what triggers our ability to grow is simple, it's our model of continuing to recycle capital at each village. Since listing in 1999, and raising $25 million, we have now invested $4 billion in our portfolio. We've paid out a growing dividend stream to shareholders of more than $860 million, and we've never had to raise any new capital.

As David mentioned earlier, the outlook for our full year is for an underlying profit in the range of $250 million, to $265 million. So, this would represent growth of between 10% and 17% for the year.

We're expecting our build rate to be around 900 beds and units for the full year, and our plan is to keep lifting this to meet the future demand.

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

David Kerr: So, look, we'd be keen to take any questions now. If you just raise your hand so we can bring you a microphone, that'd be great.

Andrew Steele: (Jarden, Analyst) Good morning, Andrew Steele from Jarden. First one for me is actually just on aged care. You highlighted this time last year the $5 million impact from higher nurse wages - it's certainly a well-deserved pay increase. Other industry peers have highlighted the ongoing margin squeeze related to funding on the aged care side. Could you provide some context as to what you've seen in terms of your care bed profitability year-on-year, and any steps you're taking to offset any margin headwinds?

David Bennett: So, look, I guess we're not immune from that squeeze. We continue to invest in our staff and our residents through lifting our services, lifting pay rates. The funding hasn't necessarily kept up with that, so you are going to see a squeeze, but we see that as a short-term thing. When you look at the demographics and the demand coming, we'd expect that to pick up.

I think it's also important when we look at the care, that you look at the whole village, and the benefit of offering that care to the wider village community, and the peace of mind that that gives to the residents. So that wee squeeze you may be getting is actually benefiting you further throughout the village.

Andrew Steele: (Jarden, Analyst) Thank you. Just one on cashflow. You've highlighted the significant increase year-on-year, I guess if I look at that, and exclude the benefit of new sales activity, is still also a very large increase, and considerably [ahead of] profit growth. From my initial take, it appears the lower new sales receivables [unclear] that balance, yet is that the large part of it that's coming in ahead of profit growth, or are there other elements and working capital that are worth noting?

David Bennett: No, so that is just around the timing of those cash receipts. So, the receivable has come down a bit, but I guess the receivable at the end of this period is a function of our build, so we'd expect them to be significant in the second half as well, in terms of the cash receipts we generate from the new build there.

Gordon MacLeod: I think, Andrew, coming - last years' operating cashflow growth in the first half of last year was also strong, so it's not like a one-off increase. We're generating good cashflows, and when you're looking at resident receipts, $1 billion last year, $582 million in the first half, it's a significant cash generative position.

Andrew Steele: (Jarden, Analyst) Then I guess reflecting that in your development and sales activities, would you expect to see a similar dynamic in that our receivables balance in 1H versus 2H for this year?

Gordon MacLeod: Yes, it would.

Andrew Steele: (Jarden, Analyst) Just on build rate, you've highlighted a relatively high, medium-term build rate, can you provide some colour as to your expected timing around this, and whether you - what constraints are there? Is it simply about finding sites or would you - looking at achieving that build rate, look to a further market beyond Victoria and New Zealand?

Gordon MacLeod: So, in the chart we showed earlier, in fact, do you want to bring it up, chaps, the build rate one? We showed that the - we have been through a period in the last two or three years where the build rate actually fell off a little bit. You learn a lot of lessons when that happens which start off with making sure that you've got a really good land bank which we have in place.

Our plan is to lift to a sustainable build rate of about 1,600 beds and units per annum, about half of which is in Victoria and probably half of which is in New Zealand. Now, it took us a while to get going in Victoria and so if we were to go to another state in Australia, then you know, we would probably want to start investigating that sort of thing in the shorter to medium term. We wouldn't assume that we could go and sort of turn it on one year later sort of thing. So those sort of thoughts are always in our mind, Andrew. We don't just see that we are limited by Victoria and we see an opportunity just generally in Australia, I think.

Andrew Steele: (Jarden, Analyst) Thank you, just the last one from me on your guidance range. Could you just provide a little bit of colour as to what are sort of the key variables that frame the top end and the bottom end of that range?

Gordon MacLeod: Yes, I'll do that. So probably the biggest short-term variable that's always hard to predict is the resale volumes. On long-term modelling, it's very clear that as villages mature, resale volumes just naturally increase. So, we're seeing that in the first half, but you never quite know in a sort of a six-month period.

Now, there are reasonably big margins associated with some resales. This really reflects I guess the variability that could exist around that; that's the main part of it. But they're also a very big build program in the second half, Andrew, so I guess it would be naïve to say that building always operates on a linear, straightforward path and I think the people understand that. Anything can delay building programs.

You could have a subcontractor let you down. A few weeks ago, at Devonport, we had - I think we were only able to operate cranes for about eight hours during about a two- or three-week period because of wind.

So, there is always a bit of risk around the build program in that second half and so that's why we thought it was appropriate on both those counts to give a range.

Andrew Steele: (Jarden, Analyst) That's all from me, thank you.

David Kerr: Just while we change over the microphone, Andrew, to your very first question around margins squeeze in care, it was interesting to me yesterday to have the Care Centre at Murray Halberg Village open and to see the absolute delight that independent apartment residents had. They're not going to be in there, but the delight and comfort they have that that is going to be available should they need it and that's an intangible, but very valuable intangible.

David Kerr: I'm sorry, I didn't see where the microphone went? Oh, Stephen.

Stephen Ridgewell: (Craigs Investment Partners, Analyst) Stephen Ridgewell, Craigs Investment Partners. Good morning, just following up on Andrew's question on the guide, so we've some 6% growth in underlying NPAT in the first half and the range was 10% to 17% for the full year, so just to clarify, the pickup in growth rate in that second half, it's chiefly coming from - well, you're expecting it to come from higher new sales volumes perhaps a little bit of margin, is that a fair...

Gordon MacLeod: Yes, that's right. So it's a driver of growth in the second half. It will be principally around development margin, but also some resales growth. That's what we are assuming.

Stephen Ridgewell: (Craigs Investment Partners, Analyst) That's helpful, thanks. Then on the land bank and there was that helpful chart to show the significant growth in the last period of time...

Gordon MacLeod: Better get that chart up, team.

Stephen Ridgewell: (Craigs Investment Partners, Analyst) Now just sort of over 7,000 beds and units and heard your comments on improving efficiency in the build cycle and consenting cycle. I'm just interested in your thoughts on is that 7,000 level sort of sufficient to deliver on that 1,600 unit target medium-term putting aside expansion into other states? Is four and a half years - does it need to be five or six or are you quite comfortable at four and a half years?

Gordon MacLeod: Yes, that is a great question, Stephen. Look, I think that we don't - so what we have to be mindful of is what type of sites are in the land bank. So if we take two sites that have been very, very difficult to develop so far, one is Karori and one is Mt Eliza, so we bought Mt Eliza for people that have owned the stock for a while, we made a pretty big song and dance about it in about 2015. It's 2019 now and it's a complicated site to consent.

Karori, likewise; there are a number of heritage issues that we've had to work through, seismic issues and so if you had sites in the land bank like those two, you'd need a very big land bank because not all of them are going to drop at once.

So what we have looked to do is to sort of I guess build our development in a way that there is a good mix of sites; you know, the Havelock Norths, the Lincoln Roads, the Hobsonvilles, the - you know, touchwood, the Northwoods, that sort of thing which perhaps are a little bit easier to consent. Maybe with some really extremely high-profile but more difficult sites, but not having too many of them.

The general shape I would think of is that if we're building at about 1,600 beds and units per annum say in the medium term and that's 800 and each country, then the minimum land bank we would need would be 3,200 beds and units. So that would be four years' worth of stock and one of the things that we are I think a hell of a lot better at now than what we were is actually when we buy land, we get on with it a lot quicker. You can see that Aberfeldy is a good case and point and so are some of the other recent consents we have got.

Stephen Ridgewell: (Craigs Investment Partners, Analyst) That's very helpful, thanks. Just another question on the build rights, it would be helpful to have that guidance for 900 units and beds this year, I would have thought at this point, just given the consents that have come through in the last few months and such, you'd have a reasonable idea of what FY21 might look like.

Are you able to give even a broad range as to what you would be hoping to be completing into FY21?

Gordon MacLeod: Listen, Dave hates me answering these sorts of questions, but I shall. Look, it could be moving to nearer the thousand level.

Stephen Ridgewell: (Craigs Investment Partners, Analyst) Great, thank you.

Gordon MacLeod: Are you happy with that?

Stephen Ridgewell: (Craigs Investment Partners, Analyst) I'm happy with that. That's great. Then just one last one from me, talking to a few other operators in Australia, with the impact of the Royal Commission and the impact on purchasing behaviour if you like, there seems to be - we're hearing from some other operators, there's more of a shift towards newer stock, clearer terms and that kind of thing in terms of preferences.

Maybe some move into the broader economics as well. Can you just talk perhaps just more broadly as to the impact you're seeing in consumer behaviour in Australia as a result of the Royal Commission and the publicity around that and how Ryman is positioned to respond to that?

Gordon MacLeod: Yes, look, if you haven't had experience in aged care, which is the majority of people, what you've been reading about in the paper for retirement villages is that there's some things we should really watch out for.

Then in relation to the Royal Commission, the commissioner's report basically said that the sector is a case of neglect. That was based on 0.08% of care facilities being visited by the commissioners I think the number was.

Now, there are plenty of operators in aged care in New Zealand and in Australia who do very thoughtful, very caring work for older people. So, I think to categorise the entire sector as a case of neglect is very sad actually.

And all I can talk about for us is that we're very dedicated to doing the very best. You know, meeting all of the new more challenging standards on an unannounced audit was really good validation to know that we're on the same page as the authorities.

And I think that we have a unique culture at Ryman, you know, with kindness and people can - it's hard to really explain. But when I ask residents, how come you chose coming to us? Often people will just say it's the warmth of the welcome, it's the smiles, we love the village, the terms are fair, they feel at home.

So we see it as an opportunity when people are - I guess when people are worried about the decision that they make, and it is a big decision, people should take it very, very seriously, that we're just really well positioned to offer people a great choice. So, we're seeing specifically at say Nellie Melba, we see lots of walk ins every day.

It's often a massive relief for people who are very, very stressed and worried about where will - what will I do with Mum or Dad or themselves? Where might I aspire to live? To come to a place where they think you know what? I think this is going to be great.

And it's one of the most important last decisions you can make. So that's what we're focused on doing well at.

David Kerr: Stephen, I'd agree with you. Reading the Royal Commission report was pretty sad reading, wasn't it? But it is, as Gordy says, a relatively small number of operators. But there's been neglect on both sides. I don’t think government have invested adequately.

They have not set standards. They have not addressed funding of the aged care sector adequately and it's been unravelling for quite some time. Look, it's a big job to get the community's confidence back in aged care in Australia. But you know, things like having a spot audit where we pass 100% makes a big difference in terms of differentiating ourselves.

Gordon MacLeod: It's hard for staff. Because you know, you read the paper each day and the sector you're working in just gets absolutely slammed. So, it's not a - your friends who aren’t in the sector are talking to you about it over dinner or a barbeque or something, it's being portrayed in the worst possible light across the board and I think that's a shame. It's a real shame.

Jeremy Simpson: (Forsyth Barr, Analyst) Well done in your leadership position in dementia as well, that's fantastic. In terms of the momentum building in Melbourne, I'm interested to get your thoughts on what the competitor response has been. You're coming across other people when you're trying to buy sites. Are the local operators trying to step up as well?

Gordon MacLeod: Sometimes we have competition for sites. Quite a few recent ones though, Jeremy, we've actually bought off market. Because the team have identified opportunities through contacts, relationships. It's a very big market. According to some of the industry experts that we deal with in aged care, there's not a lot of - there's not as much enthusiasm for building aged care right now.

So that competition feels like it's sort of coming off a bit, and the reason for that is I think people are worried about the Royal Commission, they're worried about probably their personal liability exposure. It's a pretty serious business. And they're just sort of waiting to see over the next couple of years how it pans out.

Look, our view is that it's what - residents need to have a continuum of care. We know that over 35 years. We are going to do that and we're going to do it well. And whatever standards there are, we'll meet them.

That's why we see an opportunity to move now. That's why you can see us really building momentum there.

David Kerr: I think in terms of land becoming available to us, as our reputation has been established in Victoria, people start bringing stuff to us. And that's what we found here in New Zealand as well. So provided we can keep our reputation in the same space, I think people will start thinking these are good operators, they're able to pay, this would suit them, and we get a jump on other people.

Jeremy Simpson: (Forsyth Barr, Analyst) I have some numbers related questions. Just your last thoughts on construction cost inflation in New Zealand and is it still stable in Melbourne?

Then what pricing are you seeing on bed bonds in Australia and then lastly what resale gain have you been getting say at Weary Dunlop in Australia?

Gordon McLeod: You deal with the last two, I'll deal with the construction.

So construction costs in Melbourne are stable and we've seen some price increases there of recent times. So potentially the jaws are sort of widening a bit again there.

Australia is - Melbourne is a very good market to be, Victoria is a good market to be constructing in right now, particularly if you're doing mid-rise.

The reason for that is that there is a lot of building activity has dropped off in residential construction, and most particularly apartment construction.

Some of the staff that we are recruiting, we are seeing people from whole design offices who otherwise are being made redundant. We were able to interview, for example recently, 73 people, and we were able to recruit the top five. It's a good market to be constructing in. One of our new sites that we are about to start working on, one of the big building companies there is really keen to do quite a large package of work for us on the structural front. So, we are - it feels like a good time to be building in Australia over the next few years, and so therefore costs are actually good.

In Auckland, if you think about the construction market, our biggest exposure right now is in the Auckland market. Look, costs have gone up, Jeremy. Over the last wee while we have seen cost pressure. I think it's been a function of quality of resource and also availability of resource, and just the way the materials supply chain works with the business model that operates in this country.

We just have to manage that. How we do it, is we have regular suppliers we deal with all the time, and it's a mutual partnership. Our construction manager, Tom Brownrigg, he got a phone call, he said to me, a couple of days ago from one of our big suppliers. We had just paid them $1 million for the month for a lot of concrete work they had been doing for us, and he just called to say thanks. The reason he did that was, no one else is paying him on time.

Those sorts of things are really important for us, with relationships. That's why we can still get good pricing. But look, resources are tight Jeremy, and so we have to manage that.

David Bennett:

Then on the aged care bond side of things, if you look at Weary Dunlop is probably the one that you can talk to, of the resale margin. When we first launched the village, our bonds were in the range of $350,000 to $545,000. They are now priced at $550,000 through to $700,000. There has been quite a significant lift in those since - over the last five years.

When we initially launched those, we didn't go to the Pricing Commissioner, we stayed below that level. But we have been successfully been able to lift those through the Pricing Commission, so we can charge the higher level of bonds there.

Then if you look at Nellie Melba, in launching that the bonds range from about $550,000 to $750,000 there, so a range of rooms. Yes, good pricing and good lifts over the last five years, on that side of things.

Jeremy Simpson: (Forsyth Barr, Analyst) Resale at Weary Dunlop – what sort of gain are you getting on the second round of sales there.

David Bennett: Yes, so the resale pricing has been strong. If you think back again five years, during that initial five years pricing in Melbourne went up probably 30%-odd. It's come back a bit, but we were at quite a discount already. We're still sitting at a good discount, so we're getting good pricing. We're sort of - yes, seeing good 25%, 30% margins coming through there, which is a benefit of, I guess, good pricing on the first sell-down.

David Kerr: Thanks Jeremy. Should we just see if there is anyone of the phone conference that's got a burning question?

Operator: Ladies and gentlemen on the phone, if you would like to ask a question please press star-one on your telephone and wait for your name to be announced.

David Kerr: It sounds like a no, doesn't it? Are there any questions - thank you. Just the mic over here, thanks.

Jeremy Kincaid: (UBS, Analyst) Thanks. Jeremy Kincaid, UBS. Firstly, could you just talk about your experience at Malvina Major, and the development work you undertook there, and whether or not there are any other villages that are exposed to similar earthquake remediation work?

Gordon MacLeod: Yes, so the Kaikoura earthquakes that occurred in - was it 2014 now, 2015? Geez, I forget. 2015?

David Kerr: I think it's '16.

Gordon MacLeod: '16, time passes by. The Figaro block that was there, we (decided to) demolish that building the day after that. It was affected by the earthquake significantly. There was no one injured, but the structural engineers really felt that the ability to repair it wasn't going to be practical, relative to the work - it just wasn't going to be practical. What we did was, residents actually were able to move to Bob Scott in Lower Hutt, where we had recently constructed that village. People have moved back to Figaro, or other Ryman villages, in the intervening time, just at their choice really. Any units that were able to be sold, we did. The reason why it's a margin of zero is just that we just treated it as an earthquake rebuild.

In terms of other stock around the country, there's no other repairs that we need to undertake anywhere. We are always - as part of being building owners, we need to be aware of the seismic ratings of all our buildings. Various territorial local authorities have different guidelines for standards to be met within certain timeframes. We just work closely with the property team to make sure we either meet or exceed those.

Jeremy Kincaid: (UBS, Analyst) Thank you. Then with your new banking partners, I might have missed it, have you increased your facility limit or is it still $1.8 million [unclear]?

David Bennett: No, so the facility has lifted to just over $1.9 billion, from $1.7 billion.

Gordon MacLeod: From $1.7, yes.

Jeremy Kincaid: (UBS, Analyst) Should we interpret that as your modelling suggests you will remain under $1.9 billion in the future?

Gordon MacLeod: Yes.

David Bennett: Yes.

Jeremy Kincaid: (UBS, Analyst) Yes. Then just could you talk about your ability to increase your unit prices on the portfolio overall, and I suppose relative to regional house price inflation, and then I suppose also just with regards to the markets that may have been flatter as well.

David Bennett: Yes, so I think when you look at our portfolio, we benefit from being - having a very diverse portfolio from a geographical perspective. The touch markets have obviously been Auckland and Melbourne, but they are actually the markets that we had the biggest headroom between our pricing and the local real estate pricing at the time.

We have always been a slow follower. We want to follow the market, but we don't race to the top because then we can just keep sneaking in gradual increases. That's given us the ability to keep lifting over the last 12 to 18 months when it's been a bit tougher.

Jeremy Kincaid: (UBS, Analyst) Would you say you've been increasing your prices faster than house price inflation?

David Bennett: Well I guess if you look at a couple of those markets that have gone backwards and we have still been able to get increases, then yes, we have, but that's because we didn't take all the increases in the previous years. We've just, yes, about to slowly follow.

Jeremy Kincaid: (UBS, Analyst) Thanks. Then just finally, your slide on population growth globally. Should we interpret that as an intent to move further afield in the medium term or is that - am I misinterpreting that?

David Kerr: No, you aren't mis-interpreting it. No, but it's really more a demonstration of the opportunity that exists and the need that will develop and that somebody has to start thinking about this.

Gordon MacLeod: One of the reasons is that, I think that graph is very important, is that we actually live on the same planet, all of us, and I don't really hear governments talk about the ageing of the population much. When the Labour Government put out its health and wellbeing budget a few months ago, there was nothing on elderly people. Nothing. I think it's an area of society that people, just generally, there isn't enough discussion about it because it is going to be profound. Look at those numbers. The yellow line is Victoria, the other line is New Zealand, so it's the same shape and then globally it's huge.

When I look at that I think about (1) the challenge that we face and (2) it is a significant opportunity. You don't know in the future how something like myRyman may serve a purpose outside of our immediate jurisdictions. We don't know. There are just challenges that are affecting older people globally and we need to be aware of that otherwise we've just got our blinkers on.

Stephen Ridgewell: (Craigs Investment Partners, Analyst) Stephen Ridgewell from Craigs Investment Partners just with another follow up. Gordon, you suggested before in terms of the ambitions in Australia that it's beyond Victoria and that perhaps in the short to medium term be a big consideration for expansion beyond the State's boundaries. Are you able to give us any colour as to which states perhaps or [areas that might suit that model]?

Gordon MacLeod: I knew you guys would go [right there]. We've ruled out the Northern Territory and Perth. But look otherwise, Stephen, I think we just need to be really clear; we are focused on Victoria right now but we're not just the one year - we don't think about, oh, what do the next six months look like all the time. We're thinking about what are the next 10, 20, 30, 40 years look like and we will be in more states in Australia and who knows beyond that.

There is a significant opportunity for us to be able to provide something that I think is pretty unique to more people. That might be with our current way of doing things or, you know, there's lots of different ways we can attack stuff. In terms of what states, I mean Eastern Seaboard I guess is the most logical but we're not, I just want to confirm, we are not doing current research around that right now, but I'm sure we will be. Yes.

David Kerr: Now, I gather there's a person on the phoneline who has a question so if we could just have their question.

Operator: We have a question from [Maya Canderwell from Canderwell & Co]. Please go ahead.

Maya Canderwell: (Canderwell & Co, Analyst) Good morning gentlemen, this is Maya. I had a couple of questions. I guess one was one of - a recent research report was talking about the cultural [debt] in the country - cultural orientation for their product, and it seems to have an angle of bent. I don't know if there is a [unclear] if you find that to be true or not true. Also, if it's true, I guess, does it preclude the real total number [unclear], if you will, of retirees or aged guests.

Then a second question was, I know it's a tough question, but can you give a range from purchase to onboarding or welcoming guests, a range in time for a New Zealand purchase to bringing in New Zealand guests versus from what you've learned now, an Australian purchase to welcoming Australian guest.

David Kerr: Okay, look, the second question is probably easier to answer, and we will come back to your first question in just a moment. So, Gordy, the range of time between purchase of a site to actually a resident moving in. I think that's the nub of the question, comparing Australia and New Zealand.

Gordon MacLeod: Yes. Is that what you mean? The development timeframe to get the first residents in?

Maya Canderwell: (Canderwell & Co, Analyst) Yes, right, so from…

Gordon MacLeod: Yes, okay.

Maya Canderwell: (Canderwell & Co, Analyst) Yes, so from purchasing the property to actually taking a guest in.

Gordon MacLeod: Yes. Well look, actually in both jurisdictions, if you look at what we've just achieved in Aberfeldie with a council that's good to work with and a focused team, we've been able to pretty much move forward in an 18-month timeframe. That's actually very similar to what we can achieve in New Zealand as well with the right things going our way.

Where it can take longer on both sides is something like, again, [unclear] in New Zealand and Mt Eliza in the Mornington Peninsula, if there's issues around community or heritage, that sort of thing, it just becomes more complex and a little bit more uncertain.

The more straightforward sites, my goal would be that we would maybe spend a year or so looking for and securing a site. Maybe about a 12-month period doing a resource consent approval process, assuming it doesn't get subject to court proceedings. Then after that you could be building within the third year and in fact within both Victoria and New Zealand.

David Kerr: Just going back to your first question, would you mind rephrasing it? It was a cultural orientation to the product and I just didn't quite catch beyond that I'm sorry.

Maya Canderwell: (Canderwell & Co, Analyst) Sure. Yes, absolutely right. The short of is a bank issued a report comparing your facilities and the facilities of others and they were questioning the [chem] that the team considers.

Right, so there's the trust from market seems to be fairly large and the article says, or the investment bank report says look, if you look at the total I guess the market is not really the entire ageing population, it's only those who are accustomed to an Anglo New Zealand, Anglo Australian, kind of lifestyle and that is a bit less than what the total [address] for market is.

I am just curious that, you know, I mean I guess the real question then becomes do you feel that your facilities are not wide open enough to people of different backgrounds and different experiences and do you feel like you're pinning yourself into a corner? Or do you find that everybody is, even the background of your guests, or everybody who is retiring is looking for the same thing? I mean, for example, I think they said maybe lawn bowls games are not universally accepted or universally enjoyed I guess is a better term.

Gordon MacLeod: Sure, sure.

Maya Canderwell: (Canderwell & Co, Analyst) Different people [may not feel they fit there].

Gordon MacLeod: Yes, no, I totally get what you're saying. Our villages are actually - I joined Ryman back in January 2007 and I would have to say back then our villages were predominantly white European New Zealanders. I mean that's the reality. As we have progressed into Auckland and into Melbourne, if I take Melbourne for example, when I was at our Weary Dunlop Village the other day, I met a lot of our residents who are from Sri Lanka, for example.

They love living in the village. We have actually done some specific work with some of the way the kitchens and stuff are laid out for the family cooking and that sort of thing that happen. They love living in the village.

We have activities that work for lots of different people. If I look at Edmund Hillary, I was there the other day, and some of our Chinese friends there were playing Mahjong and doing Tai Chi in the morning. I think that there's just naturally a bigger mix coming through than over the last few years and I don't know whether any - I'm not sure whether people really want in society to have completely closed villages just for different ethnicity groups. We are finding that people are actually mixing really well. When I did the Nellie Melba grand opening in February this year, there was lots of different cultures actually. From Greece, from Sri Lanka, from different parts of Europe.

David Kerr: Italian.

Gordon MacLeod: Italian, yes and so I think it's really cool. With our staff as well, we have a significant mix too, so we're probably actually perfectly positioned to just participate in that change in society, which is wonderful, where people don't have such divides between different cultures because there doesn't need to be.

David Kerr: Maybe to round out the answer to your question sir, it's really part of the due diligence that we undertake before we buy a site to look at the ethnicity, the expectations of that community, the age distribution in the community and that will determine whether we go to that site and also how we develop that site. It's part of our work before we even get going there.

Gordon MacLeod: Yes, yes.

Maya Canderwell: (Canderwell & Co, Analyst) Great. Just to clarify the other question - thank you, that was very helpful - to clarify the other question, you were saying that you spend a year before purchase to evaluate. Once the purchase [consummates] you talked about construction in year three and how long do you expect the successful sites to complete construction?

Gordon MacLeod: Yes, so by the time you start construction you'd be underway usually on two stages pretty much simultaneously. Your first maybe independent apartment block or a set of independent townhouses and also starting the care centre as well. Those first independent units might take anywhere from six to 12 months, depending if they're town houses or apartments, and usually the main build is a 20,000 square metre building so it could take 12 to 18 months, well probably more likely 18 months.

Then we would normally build out over a further, say, three years to complete the village just subject to demand. In total, you'd be looking at a build timeframe of probably four to five years from the time you start scratching on the earth.

Maya Canderwell: (Canderwell & Co, Analyst) Okay and I understand that they're similar in New Zealand and Australia.

Gordon MacLeod: Yes.

Maya Canderwell: (Canderwell & Co, Analyst) It's just the edge cases which throw things out.

Gordon MacLeod: Yes, that's right. Dead right, yes.

Maya Canderwell: (Canderwell & Co, Analyst) Great, thank you.

David Kerr: Thank you for your question. Are there any other questions from the floor? No, look, thank you very much for coming and joining us. We really do appreciate sitting with you. We are keen to mix with you informally now. We have made lots of progress. We are looking forward to a busy second half and we look forward to reporting to you again in six months.

Gordon MacLeod: Thanks, so everyone who watched us.

David Kerr: Yes, yes.

Gordon MacLeod: Thank you.

End of Transcript